

NATION'S BUSINESS



AUGUST • 1934

**Unemployment—What
Government Could Do**
By an Industrialist

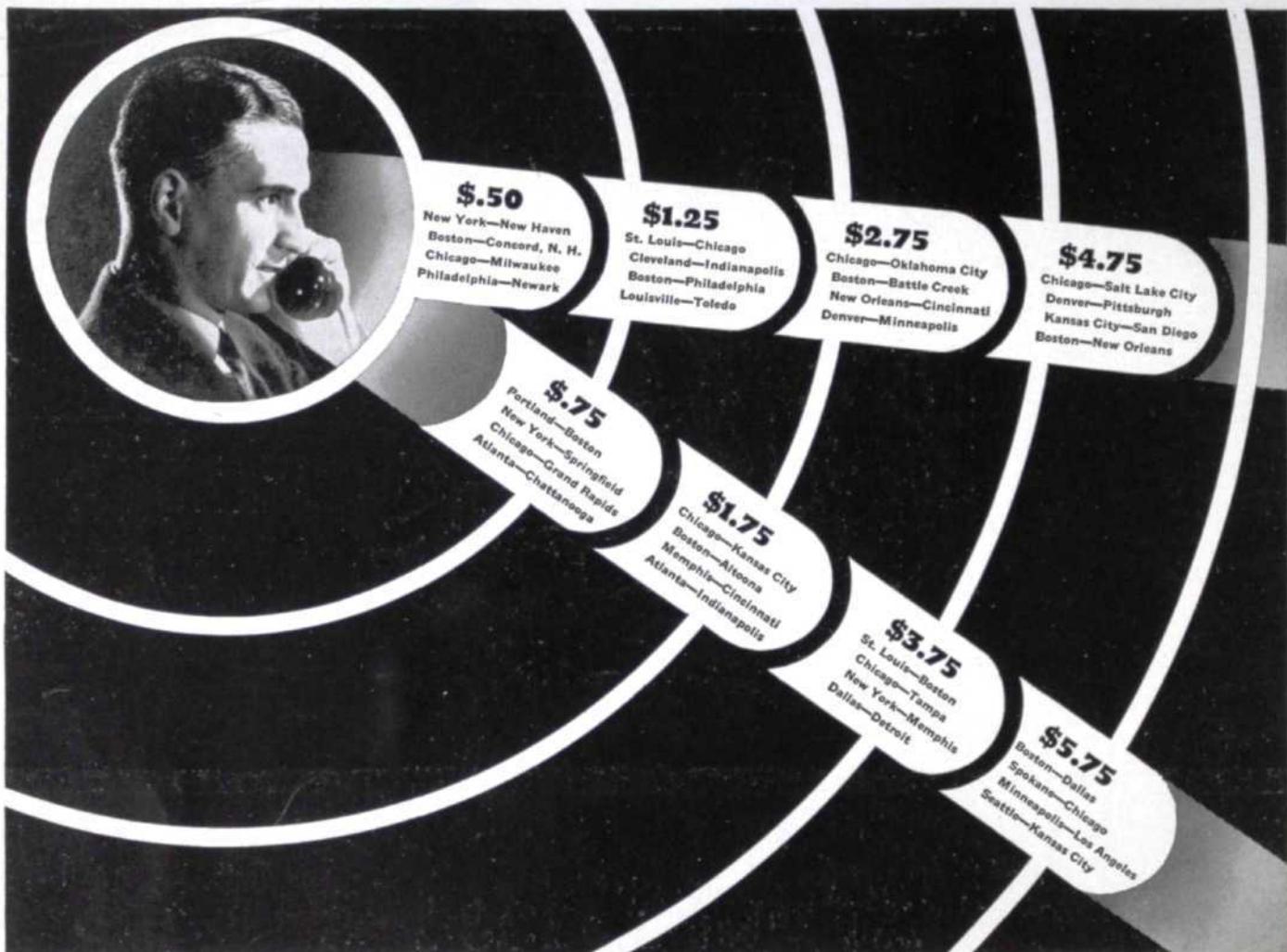
**Government Aid is Ruining
My Home Town**

By a Yale Professor

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON

HERE'S HOW INEXPENSIVELY YOU CAN

telephone



AN IMPORTANT matter arises which you wish to discuss with some one in another city. You would like to go in person . . . but perhaps time is limited, or other duties demand that you remain at your desk.

The solution is: *go by telephone!*

You reach the distant city . . . gain the attention of the man you want to "see" . . . state your proposition and get his answer . . . talk back and forth as much as may be necessary . . . and conclude your deal, all in the space of minutes . . . without leaving your own office.

And at a cost so low as to surprise you.

From New York to Chicago, for instance, the daytime station-to-station rate is just \$3. At 7 P. M. this drops to \$2.45, and at 8:30 P. M. to \$1.65.

The rates quoted above are for three-minute daytime station-to-station calls. After 7 P. M. a reduction of about 15% takes place in many station-to-station rates, and after 8:30 P. M. the charge is about 40% less than during the daytime.

Rates between other cities are in proportion. In your local telephone directory you will find rates to many places.

Right now, by Long Distance, you might close a profitable sale . . . make a purchase advantageously . . . get prompt delivery on an article you need . . . cheer up some relative or friend. Long

Distance telephone calls repay their cost many times over in the results they bring and the satisfaction they give.



A NEW *Addressograph* TRADE MARK

***Increases Your Sales and
Profits —
Reduces Your Expense***

Another new model has been added to the famous Addressograph line. Another aid to businessmen who, in these days of higher wages and shorter working hours, want to speed business recovery by using the latest sales-building and cost-cutting methods.

Here is proof that Addressograph is aiding recovery in business:

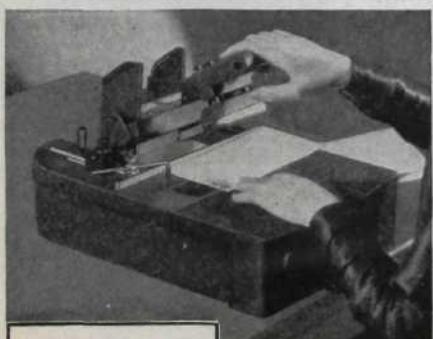
"We use Addressograph daily . . . it has saved us \$3,000 within the last year . . . is unfailingly accurate."

C. G. Chandler, Sec'y.
The Upjohn Company
Kalamazoo, Mich.

"Our business has increased 33½% . . . Addressograph has been one of the principal contributing factors."

G. C. Chefkin
Lentino (Tailors)
New York City

Business is better. Sales opportunities have sprung to life again. Cultivate them by well directed mail.



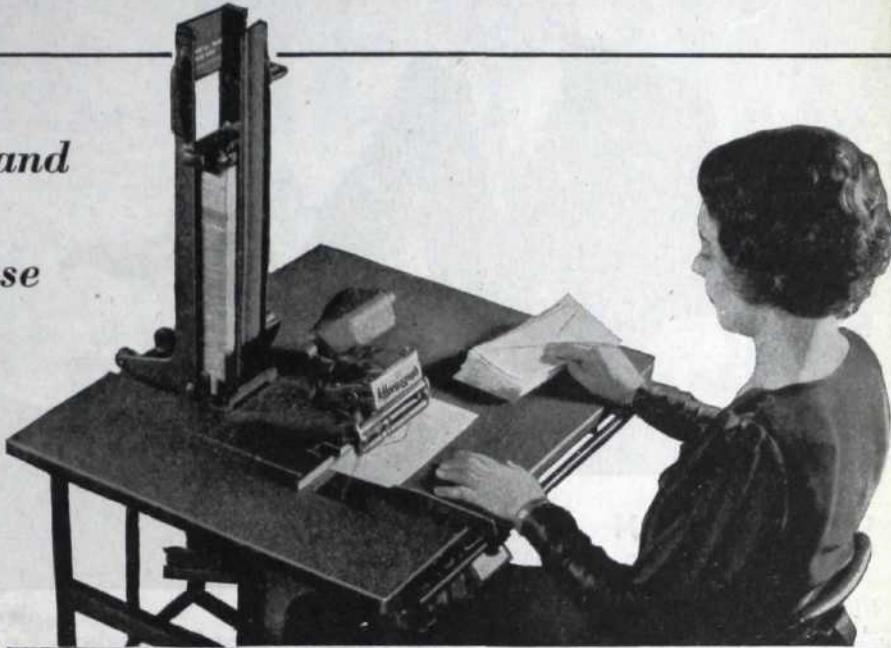
Addressograph
Prices start at

\$1250

Model 700 Ribbon Print Addressograph. Hand operated. Same principle as larger models. Addresses 1,000 to 1,500 forms per hour. Writes names and data on

names and data on
many kinds and sizes of forms with 100% accuracy.
Automatically lists names on sheets. **\$85.00**
F.o.b. Cleveland without attachments

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W., Washington, D. C. Subscription price \$3.00 one year; \$7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C. additional entry at Greenwich, Conn., under the Act of March 3, 1879.



New Model 1700 Ribbon Print Electric Addressograph combines latest desirable features at a new low price. Addresses 3,000 forms hourly. Automatically lists names on sheets. Handles countless kinds of name and data writing with speed and economy. Attractive in appearance. Extremely quiet in operation. **831750**
F. o. b. Cleveland, without attachments.

\$317.50

campaigns. Now is the time to go after business more aggressively. Addressograph would help you tremendously.

Remember the 1934 Addressograph is far more than an addressing machine. It does a complete job of any kind of name and data writing in offices, stores and Government departments. It is fast, automatic, tireless, 100% accurate.

Whether your business is large or small, you can increase your sales, speed your work and reduce expense with Addressograph. Our budget payment plan enables you to pay for it out of the savings it effects. Mailing the coupon does not obligate you—just good business.

Give these jobs to Addressograph with full confidence that they will be done with highest speed, 100% accuracy and maximum economy.

1. Heading up statements and record forms.
2. Filling in sales or collection letters.
3. Speeding out sales messages to prospects, customers, dealers, etc.
4. Writing payroll and dividend or pay envelopes, time cards.
5. Listing loose leaf sheets; payroll, dividend, inventory, etc.
6. Writing departmental orders, production orders, requisitions, specifications, cost forms, scheduling orders, etc.
7. Imprinting dealers' names on folders and circulars.
8. Addressing shipping tags, labels, bills of lading, envelopes, post cards, direct mail material, etc.
9. Hundreds of other special uses.

8-34

LETTERHEAD

Ohio Addresso-

MAIL WITH YOUR LETTERHEAD

ADDRESSOGRAPH COMPANY
 1212 Babbitt Road, Euclid P. O., Cleveland, Ohio

□ Send complete information about Addressograph.

□ Have representative (when in vicinity) demonstrate (when in vicinity) Addressograph he carries with him.

(Please write individual's name on head.)

NRA
 WE DO OUR PART

**ADDRESSOGRAPH
COMPANY**
Division of
Addressograph-Multigraph Corporation
Cleveland, Ohio

"IF YOU MUST BORROW, I'D RECOMMEND **HOUSEHOLD**"



**OFFICES IN
105 CITIES**

Illinois
Alton
Aurora
Bloomington
Champaign
Chicago
Cicero
Decatur
Freeport
Galesburg
Joliet
Moline
Oak Park
Peoria
Rockford
Springfield
Waukegan

New York
Albany
Binghamton
Brooklyn
Buffalo
Flushing
Fordham
Hempstead
Jamaica
Lockport
New York
Niagara Falls
Rochester
Syracuse
Utica
Yonkers

Indiana
East Chicago
Evansville
Gary
Hammond
Indianapolis
Michigan City
South Bend

Ohio
Canton
Cincinnati
Columbus
Dayton
Springfield
Steubenville
Warren
Youngstown

Iowa
Davenport
Des Moines

Pennsylvania
Allentown
Altoona
Chester
Easton
Erie

Maryland
Baltimore

Massachusetts
Boston
Springfield
Worcester

Michigan
Battle Creek
Bay City
Detroit
Flint
Grand Rapids
Highland Park
Jackson
Kalamazoo
Lansing
Muskegon
Port Huron
Saginaw

Rhode Island
Pawtucket
Providence

Wisconsin
Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Oshkosh
Racine
Sheboygan
Superior
Wausau

Missouri
Kansas City
St. Joseph
St. Louis

New Jersey
Camden
Jersey City
Newark
Orange
Paterson
Trenton

EVERY month increasing numbers of business men recommend the Household Loan Plan to money-worried employees. They have found that Household rates are in many instances lower than the maximum rate permitted by state small loan laws. They know that Household has evolved a plan whereby "broken lots" of money may be loaned to families at the *lowest possible "retail" price* consistent with sound business. They have discovered that Household is engaged in the business of helping families get back on their feet . . . that Household is to salaried employees what the banker is to business men. Household extends *sound counsel* to

families in financial difficulty . . . offers a dignified means of reorganizing family finances by providing loans of \$30 to \$300. The signatures of husband and wife only are needed. Old debts may be paid. Worry is wiped out. Regular monthly repayments retire the loan . . . Household always insists on a systematic budgeting of income . . . a worthwhile self-discipline for the individual.

Household is engaged in helping the citizens of several hundred communities, many of them probably *your* employees, organize themselves out of financial confusion.

May we send you a booklet describing the Household Loan Plan?

HOUSEHOLD FINANCE CORPORATION AND SUBSIDIARIES

Headquarters: 919 North Michigan Avenue, Chicago

ABOUT THE COST • Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit "retailing" money to families on the signatures of husband and wife alone at rates lower than the $2\frac{1}{4}\%$ to $3\frac{1}{2}\%$ a month now charged on unpaid balances, Household will be found using those methods.



LET'S LOOK AT THE RECORD

WHAT DOES PLYMOUTH'S TREMENDOUS GROWTH MEAN TO BUSINESS EXECUTIVES?

IF YOU EXAMINE the figures on the right . . . the figures in that newspaper clipping . . . you can't miss one big fact.

PLYMOUTH IS GOING PLACES.

It has grown in popularity faster than any car ever built. More Plymouth cars are being built today than ever before in Plymouth history. It is the only low-priced car that can claim such a record.

But it isn't the figures themselves that are important to you. It's what they mean.

A car doesn't shoot ahead like that in difficult times unless it has something really exceptional to offer.

And Plymouth *does* have something exceptional to offer to everyone who is concerned with buying one car for personal use . . . or a fleet of cars for business use.

What has sold Plymouth . . . and kept on selling it in increasing numbers . . . is the extra VALUE that it gives.

Hundreds of business concerns have bought Plymouth for their salesmen because it is the *only* low-priced car with Hydraulic Brakes plus an All-Steel Body. Many others have bought it because it is the only one with Individual (knee-type) Springs plus Floating Power engine mountings.

These extra features are vitally important to every man who drives a car in his work. They assure him the best protection on today's busy highways. They keep him absolutely comfortable, fully relaxed . . . fit and fresh for

Its record in sales over the past five years clearly tells its rise and indicates its acceptance by the motoring public:

Year.	Cars Sold.
1929	84,962
1930	64,305
1931	94,276
1932	111,926
1933	249,667

Of all low-priced cars produced in 1928, Plymouth sold less than one out of fifty; last year the picture had changed—Plymouth sold one out of every five.

In the first six months of 1934, Plymouth shipped 235,215 cars which is a new all-time record.

every new contact in spite of hard, constant driving between customer calls.

You might expect that, with these extra features, Plymouth would cost more. But it doesn't. All three cars in the lowest-price field actually cost about the same.

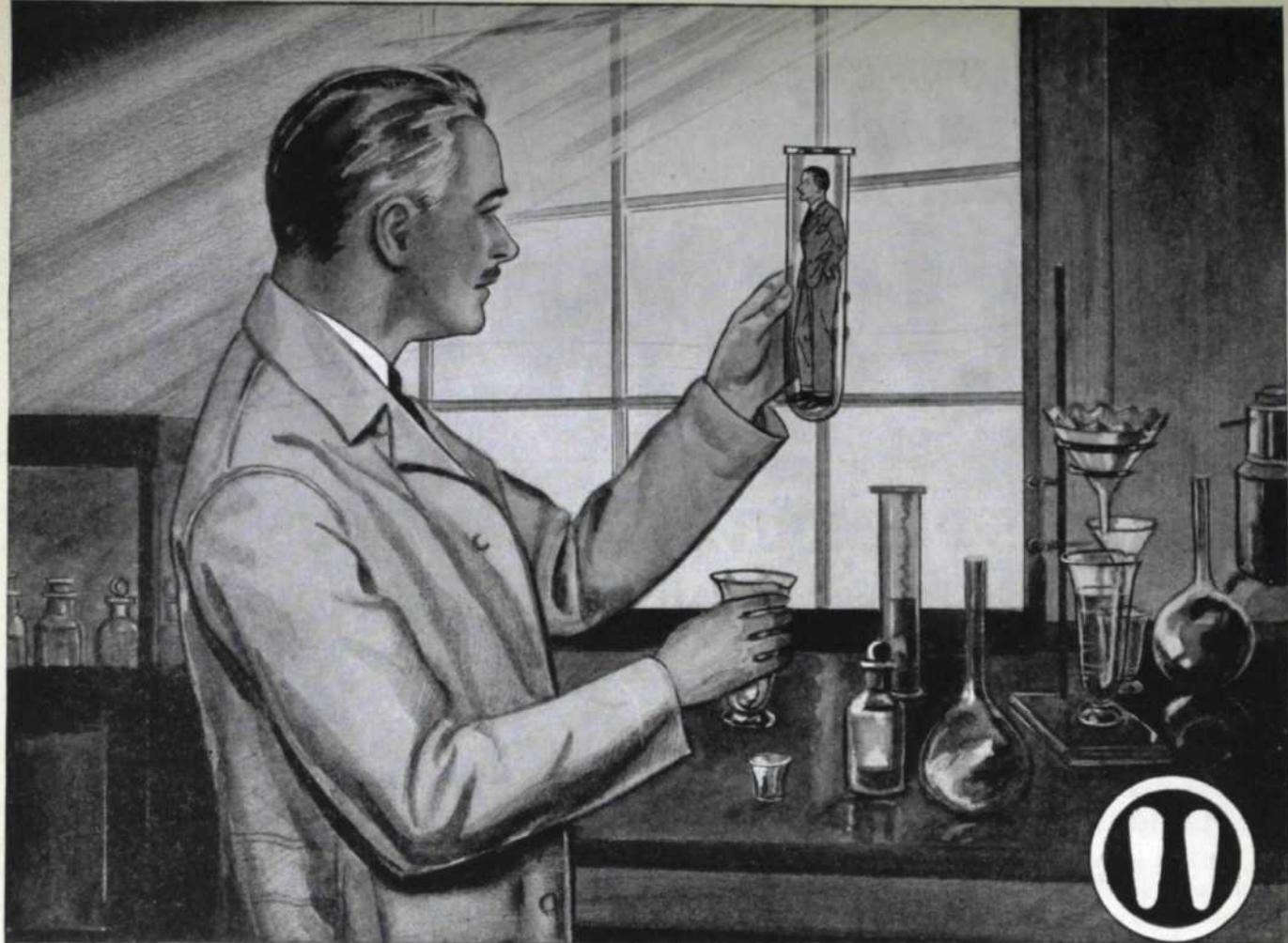
That's why we suggest, as a matter of sound business practice, that you "Look at All Three" . . . that you **COMPARE BEFORE YOU BUY**. Any Dodge, De Soto or Chrysler dealer will give you all the facts about Plymouth.

Prices as low as \$485 for Standard Plymouth. Plymouth Special Six \$560 up. De Luxe Plymouth from \$595. All prices f. o. b. factory, Detroit, subject to change without notice.

PLYMOUTH \$485

AND UP
F.O.B. FACTORY
DETROIT

SOLD BY DODGE, DE SOTO
AND CHRYSLER DEALERS



If You Could Make Your Men To Order

IF you could make your men to order, you would want them to do the work of several ordinary men, without errors, more quickly, and much more cheaply.

There is a way to build men up to these specifications . . . *Equip them with Ditto!*

Ditto enables one man to do the work of several—it reduces costly errors—it speeds up work and decisions—in short, it makes men more valuable to you. With Ditto you can make 100 or more copies of anything typed, handwritten, drawn or printed; in several colors, if desired—in one swift operation; without using stencil, carbon or type.

The simple application of these basic functions of Ditto to tasks inherent in every business is saving sums of from \$5,000 to \$10,000 annually for manu-

facturers both large and small. Orders and invoices, purchase orders, production orders, cross index card records, financial statements, salesmen's bulletins, price lists, price changes, blank forms, comparative reports, and inventory records are but a few of scores of tasks to which Ditto's versatility and flexibility have been adapted.

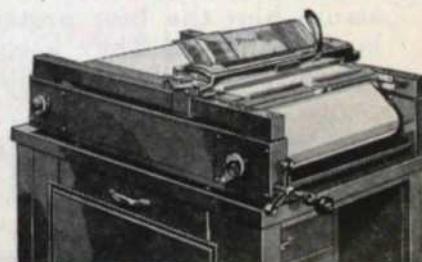
Ditto will save money for you, too—savings that may easily reach large sums each year. It accomplishes these savings by multiplying the efficiency of men, by speeding up the preparation of essential reports and records, by absolutely preventing copying errors, and by cutting printing and supplies bills.

Find out how Ditto can help you. You owe it to yourself as a practical business man to do it. Return the coupon, now.

Ditto
INCORPORATED

2243 WEST HARRISON STREET

CHICAGO, ILLINOIS



DITTO INCORPORATED, Chicago, Ill.

NB 884

Gentlemen: Please give me full facts about Ditto. What it is . . . What it does . . . How it can help me in my business. No obligation, of course.

Name..... Title.....

Concern.....

Address.....

City..... State.....

NATION'S BUSINESS for August • 1934

Volume 22

Number 8



PAGE

Through the Editor's Specs	7
No Vacation for Vision <i>Merle Thorpe</i>	13
Unemployment—Government Job <i>Ralph E. Flanders</i>	15
Relief Is Ruining My Town <i>Ray Bert Westerfield</i>	19
What's Ahead in Washington <i>W. M. Kiplinger</i>	21
Theories and Facts About Labor Relations <i>Ernest T. Weir</i>	24
Spending \$13,500 a Minute <i>E. S. Duffield</i>	27
The Transformation <i>Paul McCrea</i>	28
The State Is Now Running Factories	29
Do Business Men Want War?	30
Air Cooling Reaches Main Street <i>J. J. Nance</i>	40
Oil—Trail-Blazer for Business <i>Everett T. Marten</i>	46
No Business Can Escape Change	54
Welfare Work for Profit	55
New Ideas in Selling	60
The Map of the Nation's Business <i>Frank Greene</i>	61
What Bankers and Investors Discuss	69

CHAMBER OF COMMERCE OF THE UNITED STATES
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GENERAL OFFICE—Washington, United States Chamber of Commerce Building.

BRANCH OFFICES—New York, Graybar Bldg. San Francisco, Merchants Exchange Building. Dallas, 1101 Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building.

As the official magazine of the Chamber of Commerce of

the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers. SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00. Canada: Three years, \$9.00; one year, \$3.50. Please notify us promptly of change of address—Nation's Business, Washington, D. C.



One Formula that does not fail!

HERE is one characteristic of the American people upon which business may always rely.

That is, if you offer a better product or a better value than is available elsewhere, the people will welcome and buy it.

In times of depression this formula works less showily perhaps but not less surely than in times of plenty.

It is exemplified once more in the current experience of Goodyear, in connection with its now famous "G-3" tire.

During the difficult and critical years now passing Goodyear was not satisfied to wait, sterile and inactive, for sales revival.

Instead—it lavished upon its products the greatest program of development and improvement the largest rubber company in the world has ever undertaken.

Out of that program is emerging a record series of new products and services, which the people are welcoming with new interest and sensational favor.

Topping the list of these new successes is the sales-champion "G-3" All-Weather and the popular Airwheel*, of which Goodyear is

manufacturing five times as many as are all other makers of super-soft tires combined!

OUR CREED

"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm of competition."


P. W. Hitchfield
PRESIDENT
THE GOODYEAR TIRE & RUBBER COMPANY, INC.

*AIRWHEEL is Goodyear's trade-mark, registered in the U. S. A. and throughout the world, and is used to denote that Goodyear is the exclusive maker of AIRWHEEL tires

THE GREATEST NAME

GOOD  **YEAR**

IN RUBBER



When buying GOODYEAR TIRES please mention Nation's Business

Why They Use Allegheny Steels

Table d'Hoté or a la Carte?

SIX YEARS AGO, the Detroit-Leland Hotel kitchens were furnished throughout with ALLEGHENY METAL equipment fabricated by Bernard Gloekler Company of Pittsburgh. In its way, the decision was momentous; it marked the first time stainless steel of any manufacture was used for culinary equipment. Even the smallest departure from the beaten path requires courage.

A few weeks ago, Manager Harrison of the Detroit-Leland wrote ALLEGHENY STEEL a letter. "From my experience here," he said, "ALLEGHENY METAL is ideal for the institution which desires to keep pace with the times . . . perfect for any use that requires a metal easy to keep clean, non-corrosive, non-absorbent, and strong enough to withstand the hardest usage." Truly—after six years service—a tribute!

More Cream, Please

IT'S BEEN a long time since they put fresh milk out to stand, and hand-skimmed or siphoned off the cream next day. Trim, compact machines do the job now, to the tune of hundreds of pounds an hour. Leading the field are McCormick-Deering Separators, made by International Harvester Company. Over their whirling, slotted discs passes the bulk of America's cream, for good reasons of efficiency and economy.

Credit them now with additional evidence of worth. The McCormick-Deering is the first, and at present the only cream separator on the market to be equipped with ALLEGHENY METAL discs and spacers . . . immune to lactic corrosion . . . making sanitation easy . . . materially increasing the strength, durability and economy of the unit.

• • • •

ALLEGHENY METAL—the time-tested stainless steel of universal application—is manufactured by the ALLEGHENY STEEL Company, Braddock, Pa.; who also manufacture steel sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Sons, Inc. Warehouses, by Dunham, Carrigan and Hayden Co., San Francisco, and by Union Hardware and Metal Co., Los Angeles. ALLEGHENY METAL is manufactured pursuant to license from the Chemical Foundation, Inc., under basic patents No. 1,306,817 and 1,339,378.

Through the Editor's Specs

Where diagnosis is important

THE bank crisis, which led to so much criticism of bankers and our banking machinery, was caused primarily by the public's unreasoning fear. Criticism today against a bank's policy of lending is really a criticism against the public state of mind. Banks, perhaps more so than other businesses, are, and must be, sensitive to a state of mind. In this, the bank is a communal institution. Its strength or weakness at a given time may be due as much or more to the forces outside, in the community, as to the policies or practices inside, within the control of management.

In our effort to remedy and reform, we too often forget this. Real improvement will come from consideration of banking fundamentals and sound public policies, rather than surface symptoms or superficialities. Good banks are the products of properly equipped, far-seeing men of high professional standards, with a keen sense of public interest. But good banks can be weakened, and even wrecked, by agencies beyond their control, such as unwise governmental credit or currency policies, punitive repression of business development, slander and hysteria.

Good management and improved efficiency of bank executives cannot be supplied by law. The banker should not be expected, any more than any other man, to foresee the unforeseeable, or to predict the unpredictable, especially where mass thinking and mass action are concerned. The basic difficulties of banking institutions have been created beyond the controls of management. There are but relatively few exceptions to this. All over the land, sagacious men, placing discharge of duty before personal profit, have enabled American banking to weather a storm of unprecedented proportions.

Correcting a popular fallacy

IT IS TRUE that the record of many banks is not creditable. There have been losses, but even these have not

been as great as fervid reformers would lead the public to believe. They have not been as great as in many other fields. The realized losses of depositors since January 1, 1923—more than eleven years—have been less than 5 per cent of the average deposits of the banks active during that period. This is an annual average of less than one-half of one per cent of all active deposits. Of course, this is cold comfort to the depositor who has lost all. But even he should consider the picture as a whole before advocating violent changes in our banking system.

America has good banks and good bankers. It is interesting, in our present state of self-criticism, to note that very recently there were those in both Canada and England who were advocating our banking system for their countries. There is room for improvement, as always, but in seeking improvement, we should avoid making restrictions, aimed at preventing a repetition of recent mistakes, that would hamper the development of banking functions so desirable in normal times. In good times there is no criticism of banks for giving too much credit, although in fact such a mistake is usually more productive of widespread community injury than the other extreme of failing to meet every insistent demand. We, the public, should help our bankers to resist the wide swings of business emotions.

The will to law

IN THE present urge to "banking reform," it is important to distinguish between the structure or machinery and the management; to distinguish between causes *inside* and *outside* the bank; and to realize that the marked tendency today of government competition with banking services will do more to weaken the community's bank than any present defect of structure or management. Finally, it should be recalled that England has not a banking law on her statute books, that in the United States there are now so many laws that it is literally true that no banker

in DOG DAYS too



Cool ★ Clean ★ Comfortable

THE GEORGE WASHINGTON
THE SPORTSMAN • THE F. F. V.

The Finest Fleet of Air-Conditioned Trains in the World



George Washington's Railroad
C H E S A P E A K E and O H I O
Lines

Original Predecessor Company Founded by George Washington in 1784

The ticket agent of any railroad can route you on the Chesapeake and Ohio. INSIST UPON IT!

When making reservations on the C & O please mention Nation's Business

can be informed of all of them. Perhaps reform might start in this direction.

The "Deus ex Machina" of prices

THE economics of business is regarded as a science, along with chemistry and physics. But is it? Can it ever be an exact science? It would seem not, because of one factor—human nature.

A former Governor of the Federal Reserve Board recently was in Washington. During a discussion of prices and values, he illustrated a point by the conversation of two rural citizens of New England:

Hello, Bill, did you buy that horse?
Yes.
How much?
Eighty dollars.
Too much!
But I sold him right away for \$110.
Not enough!

Government, mother of corporations

FACED with a court action by several Alabama coal and ice companies to test the legality of its power program, the Tennessee Valley Authority is embattled on another front. The Electric Home & Farm Authority, a subsidiary, ran into trouble in Mississippi when the state's legal department ruled that the Federal agency is liable for taxes levied against "foreign" corporations.

From a southern exposure, these so-called "foreign" corporations would include: The Tennessee Valley Associated Cooperatives, a Tennessee corporation; the Electric Home & Farm Authority, a Delaware corporation; the Public Works Emergency Housing Corporation, a Delaware corporation; the Federal Surplus Relief Corporation, a Delaware corporation; the United States Export-Import Bank of Washington, a District of Columbia corporation; and the Commodity Credit Corporation, a Delaware corporation.

If Mississippi's announced attitude becomes an accepted guide for procedures involving Government corporations, the implications resulting would make a complex situation all the more complicated.

Of war debts there is no end

EUROPE, the cables report over and over again, is an armed camp. Only a spark is needed, the word goes, to set off another international conflagration. If ministers for foreign affairs had been obliged to go into the field with the generals, said the German statesman Bismarck, fewer wars would have been record-

ed in history. And that should go for the economists, too. For the question of who is to pay for the last great war is alive and ominous twenty years after the inflammatory event at Sarajevo.

The fight against depression which the world is making today grew out of the ruin and wreckage wrought by four years of aggression and attrition. No one better sees the cost of disturbing the orderly flow of trade and industry than Bernard Baruch, chairman of the War Industries Board during the World War. Addressing the graduating class at the Army Industrial College in Washington, he said:

War on the modern scale we now know has disturbed our normal economic structure so greatly, that, irrespective of the side which wins, the aftermath of the struggle prostrates both the conquered and the conqueror. . . . Today we are suffering from the economic, social and moral aftermath of the war. We try to catch up with it, to pay for it, to get rid of it, but after sixteen years we are just seeing our way out.

The trouble with war, as the debt-ridden survivors usually discover to their cost, is that peace is always made with an economic vengeance.

A sure cure for conflict

WHO is really responsible for war? Just now there is a vogue of finger-pointing, one university president blaming men over 45; a Senator indicting business as the culprit. The statements to the contrary by du Pont, Lamont and Ferguson in this number are convincing and commonsensible. The actual responsibility rests with our elected representatives in the Congress. Nor will it do to contend that the people force their representatives to battle. We have abundant evidence of the delay of a declaration in order "to arouse the sentiment of the people."

Do we really want to stop war? If we do—and there seems to be some doubt about it—we should place more responsibility upon those who are in charge of the negotiations which grow into armed conflict. In the business world an executive lasts no time who is in a continual row with his customers. He is replaced by a better negotiator.

There have been thousands of cures for war discussed; here is another. One sentence on the statute books would do the trick:

Every public official at the time war is declared is forever ineligible to hold public office again.

Such emphasis upon the primary purpose of a political government, namely, to preserve relations with other nations, would place a premium upon day-to-day negotiations.

"ONCE-A-WEEK" TOWELS WON'T DO



Building managers and owners everywhere can tell you it's poor economy to only go half way in equipping washrooms. A.P.W. Onliwon Towels are such a minor expense compared to the satisfaction they give tenants. And everyone appreciates the added safeguard to health afforded only by clean, disposable paper towels.

A.P.W. Onliwon Towels are amply large, and are served double-folded to insure thorough drying. Actually one

Onliwon Towel does the work of several ordinary towels. Onliwon Towels are pure and safe when they leave the mill. They are kept that way in their gleaming Onliwon Cabinets which protect them from dust and dirt, and prevent waste.

To complete the proper appointments of your washrooms, install Onliwon Tissue in Onliwon Toilet Cabinets. A.P.W. Onliwon Toilet Tissue is pure, soft and absorbent with the additional safeguard of high tensile strength when wet.

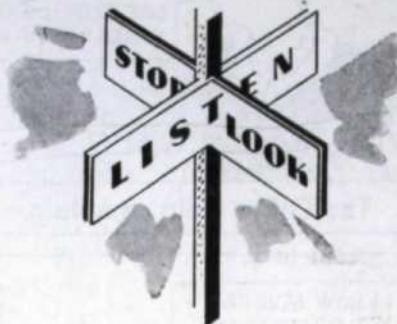
A.P.W.



ONLIWON SANITARY WASHROOM SERVICE
A.P.W. Paper Co., Albany, N.Y.

Representatives in leading cities.

Don't say we didn't WARN you!



**IF YOU WANT YOUR SHARE OF THE SLIM SUPPLY
LEFT OF 16- AND 18-YEAR-OLD PRE-PROHIBITION
VINTAGE WHISKEY, BETTER ACT RIGHT NOW!**

THREE is a limited supply of pre-prohibition rye and bourbon still remaining in the nation's warehouses.

Several of the most famous brands of these whiskies belong to National Distillers and its subsidiaries.

When this diminishing supply of rare old whiskey is exhausted, you will never see any more, as the government customarily insists that whiskey be withdrawn at the end of 8 years from barrels and bottled for purposes of revenue.

You might, however, reasonably ask—won't this supply last some time? Is there any immediate need for haste in acquiring a stock?

It is not our purpose to sound a selfish alarm. You will always be able to get good whiskies—there is a good supply of aged-in-the-wood and bottled in bond four-year-old ryes and bourbons coming along. *These will be available under the same brand names mentioned here.* On the other hand, facts, based on sales, indicate clearly that every single case of this 16- to 18-year-old vintage whiskey will be sold within a relatively short time.

With the return of better times, people of means are again shopping for character and quality in the liquors they drink and serve.

This explains why our 16-year-old Old Taylor is now completely sold out—as are several other venerable National Distillers brands.

It also explains the swiftly mounting demand for our famous pre-prohibition bourbons—notably Sunny Brook and Old Grand Dad, both from 16 to 18 years

in bond. And for Mount Vernon—our one remaining prohibition-aged rye—ranging in age from 12 to 13 years.

So if you wait too long, don't say we didn't warn you.

The famous brands OLD GRAND DAD, SUNNY BROOK and MOUNT VERNON make up the greater part of this special limited stock, but also there are small quantities remaining of OLD MCBRAYER, BOURBON de luxe, BLACK GOLD, BLUE GRASS and OLD RIFTY

PRODUCTS OF NATIONAL DISTILLERS



Whiskey so rare as this is really "occasion" whiskey—not for the everyday cocktail or highball, but for the unusual occasion



Failure should mean penalty, not acclaim and a monument; success in preventing issues to reach the gun and gas stage should be rewarded. A fair estimate is that 99 $\frac{44}{100}$ per cent of our statesmen's time and energy is taken up by secondary matters; the remainder by the more important matters which may lead to settlement by mass murder. The percentages might well be reversed.

And why not? A new salesman, given a good customer, may have a fist fight with him, but only once. The second time, and he would be made a filing clerk or something, if, indeed, he were kept in the organization. Why not the same treatment of the men who solemnly accept the responsibility of maintaining friendly relations with other men?

There, and not with the business group, or any other group, lies the power and the responsibility, and a red-herring across the pontoon will only fool the unthinking and Babbit-baiter.

Give the materialists their due

CRITICS of the existing order continually tell us that a great—perhaps the great—trouble with the world is that we have overdeveloped the material and neglected the spiritual side of life. We have made magnificent strides in science, we are told, but we have lagged in philosophy. We know how to make things, but we don't know how to use them. We are like a child with a toy which he uses only to break other toys.

Owen Young struck that note the other day in his commencement address at the University of Nebraska:

The approaching catastrophe had been foreseen by some for many years. The social, political and economic machinery was not being advanced in anything like the degree that forces were being developed and put to work by the physical sciences.

It's a common enough indictment. Mr. Young is milder than most of the critics. But is the indictment true? Haven't we advanced the social side of medicine as fast as we have advanced its physical side? Is not the tremendous growth of hospital facilities in the last two decades an indication that our social machinery has been advanced?

We have developed the automobile but does man drive it solely to see how fast he can make it go? To tens of thousands of families the automobile has laid open new beauties of nature.

Take the growth of our school population. In 1930 there were 31,500,000 children between five and

seventeen in the United States and 30,000,000 of them were in school, about 95 per cent. In 1870 the percentage was less than 60 per cent. Child labor was on its way to oblivion before 1933. Was not that advancement in our social machinery?

Making liberty a career

THE FACT is that we have made tremendous social advances without thinking of them as social. And they have been made under a capitalistic system and a large part of the advance has been due to the individual wisely using the profits he has made in industry. Nicholas Murray Butler, president of Columbia, speaks of rendering public service "in the field of Liberty" and adds:

Non-profit-making institutions of every sort and kind were brought into existence in the field of Liberty to render public service. . . . They included hospitals and homes for the aged, the infirm and the dependent. They included libraries and museums, some of which have now gained world-wide reputation and influence. They included a host of schools and colleges, and in these later years at least a dozen or more universities, all of which have united to give to the American people a high and distinguished place in the intellectual life of the modern world. These institutions are in no sense governmental, but they are in every sense public.

No thinking man can escape asking himself this question:

Will our social, our political, our economic machinery advance faster under governmental direction than through this public service in the field of Liberty?

As in 1820, so now

SYDNEY SMITH, upon request, wrote a letter to the citizens of our young Republic in the year 1820. In it, he warned:

In addition to all this, the habit of dealing with large sums will make the Government avaricious and profuse; and the system itself will infallibly generate the base vermin of spies and informers, and a still more pestilential race of political tools and retainers of the meanest and most odious description—while the prodigious patronage which the collecting of this splendid revenue will throw into the hands of the Government, will invest it with so vast an influence, and hold out such means and temptations to corruption as all the virtue and public spirit will be unable to resist.

Live and learn

A CORRESPONDENT adds to his letter of query and anxiety:

"It's worrying me to death to know what's going to happen."

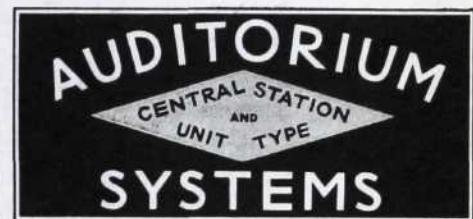
He'd better quit worrying or he won't live to find out, suggests the Office Optimist.



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These systems were specified for the sky-scraping towers, the various International buildings; the mammoth theatres; the great broadcasting studios; the shops in the Plaza—widely varying in capacity and type of their conditioning requirements. Surely the most convincing proof of the efficiency, economy and flexibility of the Auditorium method—utilized throughout Radio City. Any architect, engineer or owner may lay out an air conditioning system affording the benefits of one or any number of the exclusive Auditorium basic inventions. In engineering circles they are recognized as "the key to economy in comfort conditioning."

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CONDENSED STATEMENT OF CONDITION

At the close of business, June 30, 1934

RESOURCES

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$61,754,019.99
United States Government Securities	80,081,991.85
Reconstruction Finance Corporation Notes	2,500,000.00
Other Bonds and Securities	34,420,936.45
Loans and Bills Purchased	128,991,576.14
Real Estate, Equities, Bonds and Mortgages	6,140,922.91
Customers' Liability for Acceptances and Letters of Credit	9,895,844.07
Accrued Interest and Other Resources	2,186,044.85
Liability of Others on Acceptances, etc., Sold with Our Endorsement	22,602.82
	<u>\$325,993,939.08</u>

LIABILITIES

Capital	\$12,500,000.00
Surplus	20,000,000.00
Undivided Profits	<u>1,714,545.02</u> \$34,214,545.02
Capital Note	2,500,000.00
Reserves:	
For Contingencies	9,725,000.00
For Taxes, Interest, etc.	2,263,955.39
Deposits	258,271,583.13
Outstanding Checks	<u>7,895,707.04</u> 266,167,290.17
Dividend Payable June 30, 1934	625,000.00
Acceptances and Letters of Credit	10,475,545.68
Acceptances, etc., Sold with Our Endorsement	22,602.82
	<u>\$325,993,939.08</u>

Member of the Federal Reserve System and of the New York Clearing House Association

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No Vacation for Vision

WITH the country knee deep in the vacation season, the vogue of tinted spectacles presents its own complication to a rational point of view. Roseate glasses are anathema to the realists, as are amber lenses to the optimists who refuse to report a jaundiced aspect of affairs. How vision should be aided or corrected is a major problem of our times.

In broad areas of thought the depression goes hand in hand with a dejected spirit. A good many things are out of focus all will admit. Happily, the deficiency is frequently in the eye of the observer.

Life is real, life is earnest, as the poet said. But confusion is not its goal. True enough, the good earth confounds us with its bounty. It is well to remember that it is man's ineptitude which makes a burden of the blessings of harvest. The very abundance of America's resources accents the need to distinguish between wants and want. A land which prides itself on raising its standard of living will not tolerate the idea of depression as a ruling characteristic.

The lightnings of political debate reveal a people enervated and suppliant. But it takes no Pollyanna to disclose the accessible reality of the deep wells of faith which can refresh, renew and recreate life on the American plan.

The charms of our scenery, and the pleasant stretches of coast and countryside are the common heritage, as opulent in spiritual tonic as when our fathers first looked upon them and decided that theirs was a country worth fighting for. No surer cure for cynicism could be recommended than a sight of the American people going regularly about their business, carrying on, steadfast, patient and persevering.

This America of ours is a land of the living, a solid and durable bit of real estate, a country which, despite its immaturity, ranks among the older of the sixty-odd nations of the world.

As we take stock of our position as a people in the summer of 1934, it is clear enough that the great adventure which began with the settlements on the Atlantic Seaboard is a serial story, and that many chapters are yet to be written. Horizons are ever widening. The yeast of new

ambitions is no less real if less picturesque than when dressed in buckskin or homespun.

All the political thunder to the contrary, the American people like to stand on their own feet. They have a reputation for helping rather than being helped. They abhor pauperism under whatever euphonious label it is masked. It is no accident that self-reliance is accounted an American characteristic.

So vigorous and persistent have been the applications of the people's faith in themselves and in their institutions that the nation has emerged gloriously from every test of destructive forces, whether the agony of war, a cataclysm of nature, or an economic depression.

The works by which this faith is attested are everywhere visible.

More factories have kept turning out goods than ever shut down.

More men have kept jobs than have lost them.

More people have kept solvent than ever sought relief.

More communities are paying their bills and whittling expenses than have defaulted.

The American people are a good risk.

They will remain a good risk if they restore government to its proper function, and relieve it of the rôle of general reliever, mentor, manufacturer, distributor, transporter, financier, insurer, and ever ready handy man. For they know that once the central government begins to play the rich uncle, the nephews are bound to find that blessings received carry their own gag to criticism. "When the economic freedom of the individual goes", said Calvin Coolidge, "there will go with it his political freedom."

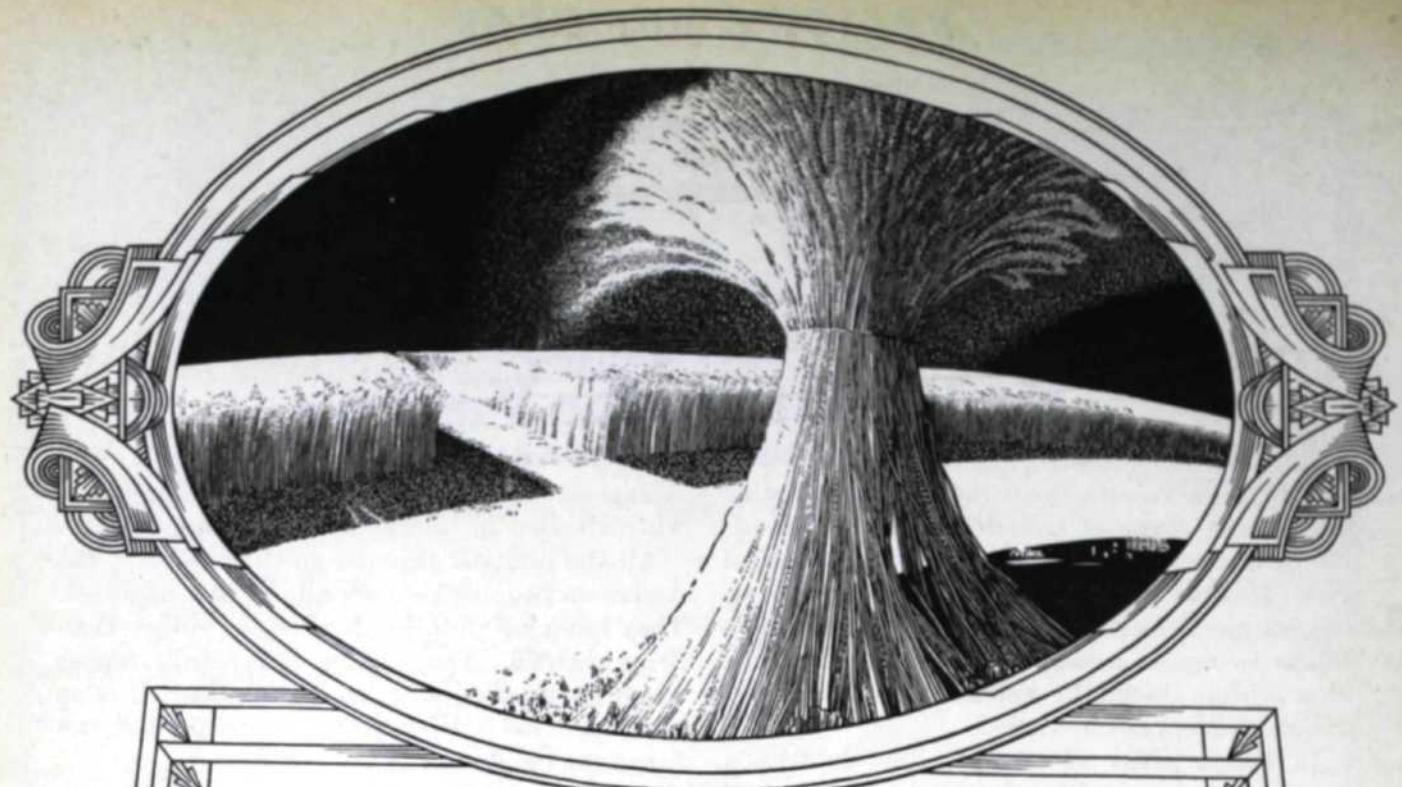
You can trust the American people to recognize autocracy behind the false whiskers of bureaucracy.

They have the ability to see straight.

They are rediscovering America—the spiritual domain, as well as the physical entity.

They know it is eminently worth finding and keeping.

Meredith Thorpe



ONE STALK CAN'T STAND ALONE

This year's golden harvest also marks the passing of fifty growing years for the Mimeograph. And well we know that its phenomenal success is not due entirely to our own efforts. Mimeograph users, and all those interested in Mimeograph distribution throughout the world, have done their full share in this important development, the seed-idea of which was stencil printing. The growth of that idea has brought a simplified and highly efficient duplicating process, by which thousands of exact copies of letters, forms, bulletins, graphs, etc., can be easily produced in every hour of the working day. It has been a sturdy growth. And well we know that gratitude should ever play its gracious part in the fields of business. If the Mimeograph has become a useful servant, if it is working economies and betterments in industry and education, it is because it has never had to stand alone. A. B. Dick Company, Chicago.

M I M E O G R A P H



Unemployment—Government Job

By RALPH E. FLANDERS

President, Jones and Lamson Machine Company

ANY proposal to end unemployment must begin with the premise that the problem is a permanent one and not merely an incident of depression.

There are four reasons why we must recognize the problem as permanent:

First, some of our citizens, through faulty inheritance of intellect or character, are unable to render effective service in a society organized for a high standard of living. They must either be carried as a dead weight by any highly organized social group or must be content to live in the social back waters until progress is made in solving the special problem which they present.

Second, in the adjustments of a growing and improving industrial order, conditions continuously arise under which workers find themselves attached to inefficient businesses or decaying industries. It becomes necessary for them to seek new connections elsewhere. There are thus many unemployed even in good times, since the number of those who are on the move from hopeless jobs to hopeful ones is always large. Seasonal unemployment adds to the total.

Third, trades union policy and socialist theory through the codes of the NRA have gradually prohibited gainful occupation for youths. The codes in general set the minimum age at 16; but restrictions as to "dangerous" occupations (with the term so liberally construed that few of them are as hazardous as driving a motor car) close many avenues of employment to those less than 18. There is no doubt that strong influences are seeking to fix 21 as the minimum at which idleness ends and self-support begins. The situation has come upon us at a time when appropriations for education have been cut and before satisfactory types of education have been developed to fit the needs of these new unemployed.

Fourth, we must be resigned to

"WE are within reach of the goal which our industrial civilization is physically capable of reaching—a job for every man at any time whether for thousands or for millions—subsistence or better when private employment fails," says this former chairman of the Industrial Advisory Board of NRA. He outlines a three-part program by which he believes that goal can be attained

some amount of increase and decrease in business as a whole. The business cycle will continue. These variations need not and must not be so great as to be destructive, as in the past; but we must plan for repeated periods in which unemployment increases somewhat above the normal due to the causes already named.

For these varieties of unemployment we may well consider three types of defense.

The first line of defense is the setting up of unemployment reserves, often miscalled "unemployment insurance."

Unemployment benefits should be limited in duration, extending for the maximum of eight or ten weeks which would be required to find a new job under ordinary circumstances. The system must be country-wide, that socially progressive areas may not be handicapped in competition with backward ones.

For more prolonged unemployment, and for the unemployed youths, a second line of defense is needed. It must be capable of rapid expansion and contraction while maintaining efficiency of operation. It must produce useful results in return for continued subsistence. It must have in it such socially desirable elements as will permit its use for extended periods without weakening the will and ambition of those whom it helps. It must not offer such



For the sake of the common man business and politics must come into new relations with each other



EWING GALLOWAY

When Men Are Out of Work

★ IF the men shown on this and the succeeding page applied to you for jobs, would you be equally willing to take any one of them? The answer may seem obvious but it is a point too frequently overlooked in discussions of "unemployment relief." We are prone to forget that all unemployed are not the same.

Some of them are capable, willing to work and out of a job merely because the business which gave them employment is in trouble. Others are willing, but lacking in skill, physically or mentally incapable of producing a profit for them-

selves or their employer. Others simply don't want to work.

Any adequate unemployment relief plan must recognize these three groups and the marginal cases where one group shades into another. Granted that all three need assistance, do all need the same assistance? Are they equally deserving? Will the sort of help which one accepts be claimed as the right of another?

And how are applicants for relief to be properly catalogued as to their proper groups? These are not casual questions. They, and a score of others, must be properly answered if we are to attack efficiently the continuing job of helping the unemployed.

wages that it will be preferred to private employment. Little more than subsistence for the worker or his dependents should be offered.

More than a generation ago the Harvard philosopher, William James, wrote a discerning dissertation on the maintenance of peace. He described in detail the moral elements in warfare—self-sacrifice, discipline, community of purpose, the devotion of individual abilities and possessions to objectives immeasurably higher than those of any individual—and he proclaimed the doctrine that warfare would continue its appeal to the finest and most virile spirits of each new generation unless and until it was replaced by something holding equal values. He demanded, in short, a "moral equivalent of war."

In the service of peace

MR. JAMES proposed as this moral equivalent an organized attack on the obstacles which Nature presents to the progress of man. He saw millions of young men, drafted, or enlisting for a service of one or two years, engaged in draining swamps, driving highways through the mountains, assaulting in force the strongholds of Nature wherever she resists the well-being of man. We have made an advance toward meeting this suggestion in the CWA, the CCC and the ERA.

What more would be required to complete the picture?

There is needed, first, a careful study and laying out in advance of a multitude of socially desirable projects—such projects as shall slowly transform the physical aspects of our country into forms capable of ministering to the highest enjoyment of its citizens. Then some form of permanent organization must be provided. The Engineers' Corps of the Army suggests itself. It could readily develop skeleton organizations capable of indefinite expansion to take care of widely varying numbers of workers. The experience in housing, transportation and direction of work would be professionally valuable. A modified discipline could be developed—something short of wartime rigidity, but adapted to the building of an *esprit de corps*, and of such sort as would turn the recruit

back into private industry a better man for his own purposes than when he entered the service.

It is time to have done with emergency improvisations in this matter, and to develop from it something not merely useful, but having a content of social regeneration.

But beyond these measures is needed a body of employment, more nearly normal in its nature—something from which the transition to private employment will be natural and incidental. Such a resource is to be found in a permanently and efficiently organized Public Works Administration.

To be effective, a public works administration must continue from administration to administration irrespective of political changes. It was perhaps the most serious mistake of the present Administration to throw overboard the body of preparatory work in this field, made ready to its hand. This error destroyed that co-ordinated action of PWA and NRA on which the best hopes of a managed recovery depended, and left us with little more than normal processes to add to the primary and effective impulse given through the personality of the President and the early effect of the NRA.

The other point to be noted is that this PWA work, while extensively planned ahead, should consist of normal projects of government—local, state and national—and should be handled through normal construction



CULVER SERVICE



PAUL THOMPSON

Any proposal to end unemployment must begin with the premise that the problem is a permanent one and not merely an incident of depression. There are many unemployed even in good times and there will continue to be periods when the figure increases somewhat above normal

channels and under normal working conditions. This work should not be the subject of social experimentation. When a worker passes into this employment from private business or *vice versa*, the change should be unnoticeable.

We have, then, limited monetary relief, unlimited work on socially useful tasks at subsistence wages, and a normally increasing volume of public construction under standard conditions, concentrated in periods of greatest unemployment. These are our three lines of defense. In addition we need a new instrument of social organization to bring them into correlated effectiveness.

The needed instrument is a national system of employment offices, or a nationally coordinated system of state employment offices. To this institution must go every one who would draw on his unemployment reserve and every one who seeks subsistence employment. It should also serve as a recruiting station for labor required on great construction works, whether private or public.

Such a system would give us definite information at any given moment as to the amount, location, kind and duration of unemployment, for no one should be deemed as unemployed who does not register. Non-workers who will not apply are pathological or criminal rather than economic problems. This system will give us, for the first time, a definite knowledge of the size and character of our problem and we can attack its solution by logical process. Our ignorance hitherto has been fundamental. There are no reliable unemployment statistics in this country. There is no substitute for the practice of gathering them at the point where relief is offered.

Besides serving this broad purpose, the employment-office system will be in position to help the individual man, watching for the shifts in employment which are favorable to his trade or calling, directing him by groups and individually to opportunities for reemployment in private business. If an effective administration can be built up, these offices will serve the employers also. But they must have no monopoly. The competition of properly controlled private exchanges must be permitted if the efficiency of public offices is to be maintained.

Unemployment relief is near

THE elements of the "moral equivalent of war" exist in the CWA, CCC, and ERA. The planning for it is well under way, through the studies in progress under the Planning Board of the PWA. The Engineers' Corps of the Army will need little time or special encouragement to set up its operating staff. Finally, so far as one onlooker can judge, there is excellent material for an organizing head in Harry L. Hopkins.

The least hopeful element is the PWA. Its undertakings have suffered from an unwise throwing overboard of the preparatory work done in the previous Administration, and from ignoring the importance of the time factor and the relation of the work to other elements of the Administration's program. There is a constructive, or reconstructive, job to be done here.

We are well on the way, via these uncoordinated undertakings to coordinated measures for the relief of unemployment. We are within reach of that goal which our industrial civilization is physically capable of reaching—a job for every man at any time whether for thousands or for millions—subsistence employment, or better, when private employment fails. Unless our civilization can provide this employment, it is doomed to a deserved decay. Let us not deceive ourselves in this matter.

We now come to the problem which was passed over earlier—the means of financing so extensive a program. We must reduce the volume of unemployment and fi-

nance the relief of that which remains. These are tasks of no mean order.

Our first step is to decide whether we will endeavor to do this by taking better care of our present economic organization, protecting it from disruption, building it up into a state of health and strength, and setting it to work safely at a higher rate than it has ever known before; or proceed by throttling it, casting it aside, and seeking some other social servant—or Frankenstein—to take its place. Over this question we are vacillating when vacillation is dangerous.

Business is constructive

"BUSINESS" is an honorable word. It should be confined in its application to those activities involving land, labor, capital and management which are essentially wealth-producing, whether in the fields of extraction, manufacture, transportation, distribution, or financing.

There are other activities which are destructive, and which do not deserve the name "Business." These have been due in part to ignorance, in part to wrong standards of social conduct. They are to be found to a certain extent within the structure of business, properly so-called, in the form of unfair and harmful practices; but their greatest development has been as malignant financial and speculative growths.

There is often a failure to distinguish between these two types—between the true business which is for the good of all and the false which serves only individual greed; and it is this failure that leads to the danger of a control of business which will be so drastic as seriously to curtail its ability to produce and distribute wealth, and will thus render hopeless any such social program as we are considering.

The productive capacity of business is such that if it is fostered in its present and future development it can increase the production and distribution of wealth to all classes of society to the disadvantage of none and at the same time permit the accumulation of ample reserves for any social emergency.

The amount of possible employment is not limited so that it has to be shared. Purchasing power is not a fixed amount so that it has to be haggled over. New employment and new purchasing power can be created by encouraging business enterprise in an expanding production and distribution of goods and services; and this enterprise and this expansion can be so ordered as to avoid the follies of the era of speculative inflation.

It is evident that, if business is to perform its normal, productive functions, there must be important changes in attitude and policy by all elements of the social structure.

Labor must be willing to govern its requests by the requirements of the industrial process, and not by the immediate self-interest of any restricted group.

Financial interests must refrain from building top-heavy credit and speculative structures, and must be willing to look to true business service for their profit.

Government must distinguish between proper business and unworthy destructive practices which give the former adequate freedom and active encouragement, while it restricts the latter. The methods of restriction must, therefore, be considered with great care. Above all, neither legislation nor administration policy should include elements which are hostile to the profit system.

Government must provide a sound monetary and credit system of reasonably steady purchasing power—these two characteristics not necessarily being contradictory. It must encourage the free flow of savings into productive investment, instead of putting the whole process under suspicion.

The nature of our credit-money system is such that
(Continued on page 70)

Relief is Ruining My Town

By RAY BERT WESTERFIELD

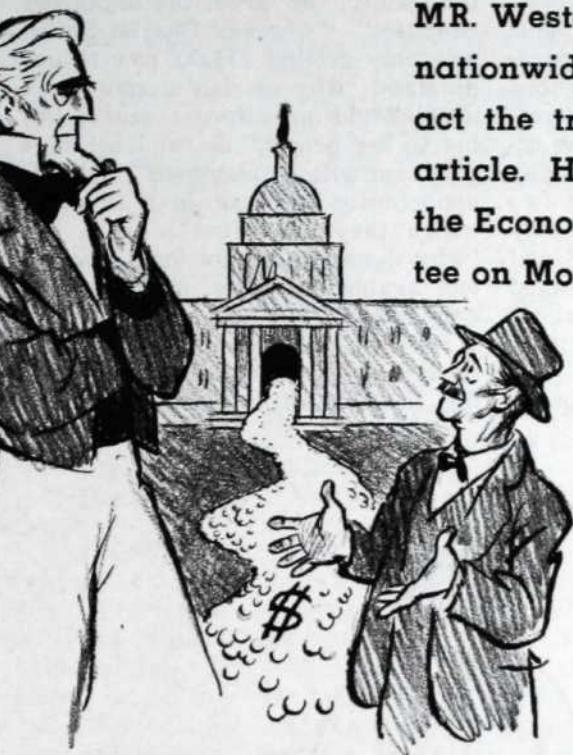
Professor of Political Economy, Yale University

IN a poem, especially dear to those who love their native heath, Goldsmith pictured the social and economic decay of rural Ireland. After a long absence he returns to "Sweet Auburn, loveliest village of the plain," a fancied name for the fancied scene of his fancied youth. It was "not what it used to be," and as he refurbishes the scene of his childhood with its one-time beauty, richness and charm, and with people—the "proud yeomanry"—of upstanding character, force and industry, he broods on the reasons for the decadence he sees on every hand. His interpretation is expressed in the lines:

"Ill fares the land, to hastening
ills a prey,
Where wealth accumulates and
men decay."

Last week, after 20 years of absence, I returned to my old home town, the place of my birth, youth and early manhood. It never was the "loveliest village of the plain," but it was a good village, in the heart of one of the richest agricultural plains in the Middle West, peopled largely by sturdy German farmers of the highest integrity, industry and skill, and the townspeople who were not retired farmers were of the same high order. The town had enjoyed an "oil boom" in the 'nineties, but this migrant oil population had largely moved on to newer oil fields, leaving the farmers behind enriched but unspoiled. Every farmer owned his farm, and if it was encumbered with a mortgage, it was a small one, unfailingly amortized year by year at whatever sacrifice of the luxuries and near-necessities of life.

The family was an economic unit, the husband caring for the crops,



CHARLES DUNN
By the time taxes are paid the net revenue of the
taxpayer is dwarfed to a narrow margin

animals, orchard, buildings and fences; the wife keeping the house, the dairy, the garden, the chickens and the children, and the boys and girls helping the father and mother respectfully and obediently. Everyone felt himself a part of a regimen of economy; everyone was automatically trained in thrift; the family prospered as a unit, as bigger and better and more artistic houses and farms were built out of savings, as the size of the farm or its fertility was enhanced, as the number and "breed" of the horses, cows and pigs grew greater. When a son or daughter reached marriageable age, the family could "set him or her out" with a fairly well equipped and good, although maybe small, farm, where-with the thrifty cycle was repeated.

Thrift that built up wealth

THIS is not a fancied picture of a Utopian golden age of peace, ease, happiness and plenty. It had its stern rigid regimen; it required the sacrifice of non-essentials; it rested

MR. Westerfield is organizing a nationwide campaign to counteract the trends described in this article. He is also president of the Economists National Committee on Monetary Policy

on consistent living, and on hard work; it made each one fill his place in a family economy, and many a son even had to buy from his family the privilege of "working his way through college." This regimen of life was somewhat softened as the families became established and wealth accumulated, but the fundamental principles upon which it rested were not changed or abated.

The same general principles prevailed in the town life. The stores were owned by local people, built or bought out of accumulated savings either in farming or in merchandising, and the stock was bought with cash and sold for cash. The farmers retired to town when age came on, turned over their farms to sons or tenants, and continued to live uprightly and thriftily.

One of the most striking characteristics of this social and economic mode of life was that everyone was self-sustaining, self-reliant, financially upstanding and independent. No one was on public relief. "To go to the poorhouse" was so unusual and such a disgrace in the public eye that thrift required no other argument. No family could withstand the stigma of letting one of its wayward or unfortunate number go on public charity. It was universally regarded as inexcusable, if not reprehensible, for any one to reach the level of poverty, still more of actual hunger. Every country man had a home, a garden, chickens, cows and pigs which afforded him a "liv-

ing" even when crops failed and a goodly proportion of the townsmen kept a similar anchor to security. Moreover, everyone had his bank account, his insurance, his "stocking," or interest or rent, to provide against the "rainy day."

Few who lived under this régime really appreciated what a blessing the thrift of the people was. It is only the emigrant son who returns and sees the decay in wealth and men that once were. He receives the greatest spiritual shock imaginable. This I know for I am writing these paragraphs on the lawn of my boyhood home. My aunt was 84 years old yesterday and this birthday was the occasion of two big "parties," bringing together the remnants of the two generations I had known there. My kinsfolk and friends were kind and hospitable as of yore and I engaged in and listened to conversation about every phase of life, current and past, in the old town and country.

I found that approximately three-

change of spirit toward public relief. I did not hear a single person express shame for being on public relief or having relatives on it. It was accepted as the way of living, the way almost everybody was living. And whenever the conversation touched upon this phase of life, the only dissatisfaction I heard was the speaker's inability to discern "why Ben Jones got \$12.00 a week from CWA"—or "from FERA," or "from the county," or "from the organized charities"—"whereas Charlie Smith was only getting \$11.00"; or to understand "why as rich a country as ours should not afford a decent living to her people," or "at least supply them with employment" and "an opportunity to work in a line for which they are fitted"; or to see "why the state did not insure everyone against sickness, accident, unemployment, and old age."

Several told me about organizations they were promoting for wringing these charities from the State

generation on the farm that, when I got over the shock, I pried into the reasons for the change. It was plain that the situation differed from that in Goldsmith's "Sweet Auburn." My homeland was faring ill, falling prey to ills, not because wealth was accumulating, but because it was wasting away. This waste was due to several things:

Wealth wasted away

FIRST, three out of every four banks in the region had failed, freezing all deposits for a time and stifling business, then after long delay, paying a few cents on a dollar, most of which went into hoarding or was soon spent for absolute necessities. Moreover, the wealthier men in town were "cleaned out" by loss of their investment in bank stocks and assessments thereon. This is the penalty my country pays for its weak banking structure, established, and perpetuated long after its reason for existence has passed, on the principles of individualism and "localism." There is no reason for bank failures except the demagogic congressmen who refuse to change the banking structure to the nation-wide branch bank scheme.

Second, the contraction in values has wiped out the owner's equity in his farm, shop, home, herd, or forest. For years the net of his product over cost has gone into the purchase and improvement of these physical representatives of thrift. Now, he does not hear his master say, "Well done, thou good and faithful servant." Instead the sheriff meets him with an ouster for failing to pay taxes or service on his debt.

Similarly many a man's savings put into securities have been wiped out utterly or cut to the quick by collapse of the stock and bond market. This loss has been enhanced in the past decade by the public participation in speculation in the securities markets and by the purchase of worthless stocks under pressure of high-powered salesmen. The old homely way to which the people of my day on the farm were accustomed to build financial independence through hard work and thrift was outmoded between 1920 and 1929, giving place to margin purchases and sales on the stock exchange or in Florida real estate.

Third, if any savings survived these devastating forces, it is likely they have been spent in the course of the depression when wages have been low and employment scarce and business profits nil. Clinging tenaciously to the standard of living enjoyed in the so-called Coolidge boom

(Continued on page 62)



Approximately three-fourths of the people of this region are now "on relief" or sponging off relatives

fourths of the people of this region are "on the relief" of the federal, state or local government, or of private charities, or "sponging" on relatives! The population is scarcely bigger than in my days here but then scarcely one in a thousand was on public relief and one in a hundred dependent upon relatives. The shock of this change was heightened by the

and threatening political action against legislators and executives who failed to "come across." In short, dependence upon the State was regarded not only as fit, proper, common and requiring no explanation, but the State was held to be morally bound to accept this burden.

So astoundingly did this philosophy contrast with the thought of my

What's Ahead in Washington

W. M. KIPLINGER Scans the Horizon Again

Dear Mac: I know you are tired of Washington, and I don't blame you. So am I. For at least 18 months this town has been the focal point of all sorts of influences affecting your business, and it's been a long grind for you. Even this summer, when things are supposed to let down, there are more goings-on than I have ever seen during summer in the past 18 years, war time excepted.

You've got to devise a way of watching Washington with a minimum of bother to you, and my suggestions for the next couple of months are these:

Don't try to keep abreast of the minutiae of Washington news. Don't feel that you must be always up-to-date, lest you miss something big. Think in terms of the meaning of the Washington facts, rather than the facts themselves. Facts are like telegraph poles whizzing by at high speed; they are essential, but individually they are less important than where the line runs.

There are at least three kinds of interest in Washington. One is political, in the narrow sense, meaning the game of politics. Another is the fan interest in Washington as a spectacle; lots of people like to have a full current repertoire of gossip about the Capital.

A third is the practical business interest, which requires that you know from time to time which way Washington is traveling, so that you may adjust your business affairs in the best interest of yourself, your owners, your employees, your customers and the multitudinous others directly or indirectly dependent on your policies. It is this third interest which draws you and me together in an effort to be of mutual help.

Fall Elections

LET'S dispose of the fall election prospects briefly.

Dissatisfaction with Roosevelt policies has been growing within business quarters, and business men associate mainly with business men, and thus business men are apt to think that the fall elections will result in the election of a Congress which will check or overturn the Roosevelt policies. This is possible, but highly improbable. Cool political appraisal suggests that Congress, both branches, will be returned with substantial Democratic majorities. These majorities may be a little more independent of administration dictation than in the past year, and many compromises will be forced, but, in the main, Congress for the next two years can be counted to go along with the President.

The masses of citizenry, it seems, are still strong for the Roosevelt Government. There are many reasons, and one is that the Government has been liberal with its spendings. One of the wisest of politicians remarked, "You don't shoot Santa Claus at Christmas time."

Campaign Distortions

LET me remind you once again that during the next few months both parties will distort the facts about government policies. Republicans will be inaccurate in painting the situation as "bad." Democrats will be

equally inaccurate in showing it "good." It's a necessary biennial procedure, and if you want to tickle your passions and your prejudices you can go along wholly with your pet party's claims, but if you want to maintain a cool view for business purposes, you may safely discount both. The truth lies somewhere between.

Business Outlook

WASHINGTON contains a good many shrewd business observers, and their forecasts of trends, usually given privately to their governmental chiefs, have been increasingly accurate during the past few years, when political policy had to be adjusted so often to business trends. Their opinions are reflected substantially in the following comments:

Business throughout August and September will be on a relatively low level. This is not surprising for August, which is always low, but it is significant as regards September, in which usually occurs a strong seasonal rise. The expectation is that this year the fall rise will be postponed until late September.

This means that the third quarter, July-August-September, will be the lowest quarter of the year to date, slightly under both the first quarter and the second quarter, measured by either industrial production or earnings.

The fourth quarter, October-November-December, cannot be judged with any certainty at this time, and Washington business observers are reluctant to risk opinions, but when a number of them are squeezed for their best "guesses," and when these guesses are put together, the result is a composite suggestion that the fourth quarter will be a little higher than the third quarter, but still lower than either the first or second quarters. The factors and reasons are too complicated for discussion here, but some light is shed on them by comments later on.

My own wide correspondence with business men in many lines tends to support the very moderate expectations of the economic wise men, outlined in the preceding. Business men, if anything, are a little more moderate than the technical advisers reflected above.

Business Next Year

EVERYONE talks about business next year, but no one with any sense of responsibility dares to hold any flat opinion.

You start with a lot of facts about the accumulated deficiencies in automobiles, houses, railroad equipment, factory machinery, and other things. You know that sooner or later the lag in the production of these key industries must end, that demand for essential replacements must make active business. You reason that next year is surely the year for it.

Then you start thinking of political influences, which are superimposed on the more fundamental economic influences, and you run into a number of *if's*, the leading of which relates to inflation. Inflation would steam up

business in many lines and retard it in other lines. Generally it would be stimulating for a year or two, or perhaps more.

Inflation Prospects

LET'S not stop to enumerate all the governmental acts and policies with regard to currency and credit manipulations resulting in expansion of the volume of money and credit, actually or potentially.

The plain fact is that government policies are inflationward. A further fact is that practically all high government officials, although somewhat cautious in their public utterances, are quite convinced that we shall have inflation within the next few years.

Officials talk less of "inflation" than they do of "higher commodity prices" and "easier debt paying," but the meaning is the same.

The Washington consensus is that we are headed toward inflation, or higher commodity prices.

The time of inflation: This is highly uncertain, hard to judge. Early this year I wrote you some qualified comments indicating the effects of inflation late this year. Now, from all I hear and all I see, I am not so sure. Neither is the official element here. There is a disposition to time the taking hold of inflation for the early part of 1935.

The things which will make inflation "take": There's also uncertainty on this point. Gold dollar devaluation to 59 per cent didn't do it, but the advocates of devaluation always said that the effects would be slow-acting, taking several years. Current plans to work silver into the currency base up to 25 per cent are not having any strong effect, but silver advocates have said that this also would be slow-acting.

The main thing which might make inflation "take," it seems to me, is a crisis in the Government's credit, in the market for government securities. There are no signs of any break in the Government's credit within the visible future. Unexpected troubles may arise late this year or next year. Everyone hopes to the contrary, but no one *knows*. The point for you is that if you ever read in the papers that government bonds have sagged, and if this continues for a few weeks, you should be prepared to think, perhaps, that inflation has come. The reason is that weakening of government credit would be followed by various new measures which would contribute to the inflationary movement.

Control of inflation: It's an open question whether inflation, when it comes, can be kept within reasonable proportions or whether it will be runaway. Those who think it will be controlled say the Government has ample legal powers to do this-and-that to restrain it. But they do not figure on the cyclonic force of politics in any inflationary movement. Inflation, while it is going on, always seems good, like a jag in the making. Prices rise, people buy, business booms, people feel good. They forget the aftermath of the low value of their savings—life insurance, for example. The legislative branch votes new inflation acts by popular demand.

Inflation *can* be controlled, but I think it is proper for you to be a bit skeptical as to whether it *will* be controlled.

Whether prices will rise suddenly or gradually is another question which can't be answered, and there's plenty of time in future months for the discussion of it.

What to Do on Inflation

ABOUT a month ago I queried several thousand business men to find out, among other things, what they were doing to protect their interests in the event of inflation.

The surprising discovery is that most weren't doing

anything about it. Most said they were expecting it, but they couldn't judge the time element, and they didn't propose to be too far ahead on it.

A small minority reported they were following one or more of these courses:

Increasing their inventories, buying supplies and equipment ahead, buying real estate, buying equities or getting ready to buy them later, keeping large cash balances on hand, keeping affairs liquid in preparation for jumping one way or another, refraining from paying debts as long as possible, hoping to pay them later with "cheaper dollars."

I received many frank factual reports about how business men who need capital in order to increase production and employment can't borrow it, and about how men who have capital want to lend it and get a return on it, but are refraining—due to fear of inflation. The replies furnished an illuminating example of what you already know—that inflation is a two-edged sword.

Gold and Silver

THERE are no signs that the Government plans any further devaluation of the dollar below the present level of 59 per cent. It may go to 50 under existing law, but it hasn't any definite intention of doing so.

Government silver purchases for currency purposes are being made systematically, but speculation in silver has lost its former lure, due to the 50 per cent tax on profits and to the prospects that the Government, sooner or later, may have to "nationalize" silver, as it has gold, taking private holdings at a price which will make profits meager.

An international monetary conference may be held late this fall or next winter, to devise a world scheme for controlled inflation, stabilized currencies, and higher commodity prices, but plans are very vague.

Government Spendings

THE chief Washington positive influence on business in the next few months consists of government spendings and lendings—public works, relief doles, farmer benefit payments, drought distributions, farm loans, home repair loans, home building loans, etc. Your business is apt to get the benefit of these, directly or indirectly.

Naturally you want to know whether they will be cut off sharply. I think not. This Administration is particularly responsive to the will of the people, and the public will is that they be continued. You may question the ultimate good of government spendings, but you ought to figure on the practical good effects of them for the next few months.

The catch-hold of private initiative, private investment, private enterprise, as the normal substitute for emergency government measures, seems some time off in the future. It didn't occur last spring, as officialdom expected. It doesn't seem to be in the offing for the fall.

Housing

YOU already know the provisions of the new housing act, and you have the day-to-day news on the plans of the Housing Administration. What you want to know is how much and how soon will be the results in the construction industry, and on all the lines of business affected by construction.

Short range: Figure on a moderate improvement this fall and winter on all the things which go into home repairs and renovation. But no boom. Figure on a slight improvement in new home building.

Long range: Count on a spurt in new home construction next spring and summer, but not much before. It

will take until then to make the effects of the new law trickle down through the various layers of mortgage lenders.

Costs of housing must be reduced before people will buy new housing as freely as they buy new automobiles, for example. Government is now tackling the financing phase, but this is only one of several cost items. Material costs must be reduced. This is primarily a problem of better organization of the various industries which supply building materials, and they are very backward in organization, in imagination, in vision for the future. Labor costs ought to be reduced. This can't be accomplished much by squeezing of union wage scales, because the construction unions are too powerful. Inevitably the way around the shortsighted labor unions will be the way of fabricated construction, technical efficiency. This is on the way.

The Government, in its housing campaign, is making the same mistake which it made on the early phases of NRA—too much ballyhoo. New officials, fired with zeal, always overestimate the practical results of talky-talk and publicity as a motive force to make people buy.

Taxes

IT SEEMS clear that taxes will have to be raised sharply in Congress next year, but no one knows as yet the ways, the means, the points of incidence. Who will pay more taxes and how is now being studied by an advisory committee of professors, appointed by Morgenthau.

General sales tax? The political objections to it have lessened, but they are still strong, and it is too early to count on it.

The idea of some form of excess profits taxes on corporations is gaining adherents. The present form is obviously unsatisfactory.

Higher income tax rates for all classes, especially the middle brackets, seem probable.

You will pay more taxes in 1936 than in 1935.

Budget

EVEN with higher taxes in the next two years, the budget will be off balance—surely in the 1935 fiscal year, which started this last July 1, and probably in the succeeding year of 1936. This situation is not necessarily serious. The nation's credit can support the government debt. The seriousness will depend on whether the Government realigns its outgo and income, so as to have a known, definite measurable plan. It has none now. It can slide along, perhaps, until next spring without one. If it goes much further, then look out for a critical situation in government credit.

Thus the long-range picture on the budget rests with the Congress which will be meeting between next January and next June.

In the back of your mind, remember that the course of year-after-year of unbalanced budgets is the same course which France followed.

NRA

IT'S no news to say that NRA, in both its policies and its internal organization, is in the worst mess ever seen around this town. It started blithely on a picnic and worked gradually into a riot of confusion.

The plain truth is that there is no satisfactory plan as yet for enforcement of the codes. The truth is that there is no definiteness in NRA's price policy. There are executive orders, rulings, interpretations, and interpretations of interpretations, but no clarity. What you read today is changed by what you read tomorrow. The trouble is and always has been due to the temperamental incompetence of the man at the top. Bellowing is no substitute for cool planning.

I could tell you a lot of stuff about plans for reorganization, but I have no confidence in the definiteness of any of them, so I shall refrain from burdening your mind.

Labor

IT OUGHT to be noted that A. F. of L. unions continue to grow in membership, and this is one of the inescapable facts which must be reckoned with in any consideration of your labor policy.

For the Government to adjust and conciliate labor disputes arising out of Sec. 7 (a) is a necessary procedure, but for a long time yet labor controversies are going to be settled on the basis of force of numbers. It seems, objectively and dispassionately, that employers during the next year or two will be compelled to recognize unions to an increasing extent, and that these unions must be more or less independent of the influence of employers. Certainly the government force is in this direction.

Socialism

THE heat of the election campaign is producing strange charges (by Republicans) and strange denials (by Democrats) that our Government's policy is headed toward socialism.

The facts, quite dissociated from temporary campaign passions, are that we are steering toward socialism—broad social responsibility for the welfare of individuals, the responsibilities being divided between Government and private corporate interests, the Government doing the urging, or the dictating, or whatever you want to call it.

To deny this trend is like denying that the summer is hot, claiming it is only warm.

Things

to Watch

THROUGHOUT August and September watch these things:

Index of commodity prices. It probably will not go up or down much.

Steel and automobile production. Expect low figures, sobering but not alarming.

Industrial production. Expect a decline, indicating a below-seasonal trend, but this should not take you by surprise.

Strike news. Watch for spread of strikes, but note that most of the threatened strikes will be adjusted, postponed. Figure tentatively on less trouble this summer than later in the year.

Tariff. Watch Washington reciprocal tariff movements. Get your trade association busy reporting prospects of treaties affecting you. Remember that there will be more gestures than actions, but that the tide of government policy is now definitely toward lower tariffs.

Budget, taxes, inflation. Don't need to be acute in watching news of them next couple of months.

Housing. Read all the direct housing news from Washington with the idea that it is big stuff for months from now, but discount the extravagant stuff you read in your real estate columns.

Campaign speeches. Read particularly those with which you don't agree, but remember that both sides exaggerate.

I've omitted much, but your time is up.

Yours very truly,

Wm. J. Thompson



Most differences in a plant can be settled quickly by an employee who knows the men and conditions involved

THE matter of labor relations is one of the most important phases of the present business situation. It is one that must be solved if we are going to settle down and devote our energies to our jobs rather than to the conditions and circumstances surrounding those jobs. The solution must satisfy labor; it must satisfy industry—but above all, to be workable, it must be fair to the public.

All my working career has been an experience with employer-employee relationships. Lately they have occupied a more than normal amount of my time, because the plants of one of the National Steel Corporation's subsidiaries apparently were elected by fate to be testing grounds of the relationships between employees and employers under the new order. Until recently, workers had the constitutional right to refuse to work for an employer or to decline to bargain with him except upon a collective basis. Likewise, the employer had the constitutional right to refuse to employ or bargain with workers except upon an individual basis.

Under the terms of the Recovery Act, the employer does not retain this right. He must now deal with his workers as individuals or deal with them collectively through representatives of their election—whichever they choose. This much seems to be clear. But ambiguity

Theories and

arises over the method of determining just whom the workers want to represent them, and whether representatives elected by the majority shall represent *all* the workers. There is a definite difference of opinion within the Administration itself on these points.

The national unions, with the coming of NIRA, saw an opportunity for the complete unionization of industry. Propaganda was circulated to the effect that NIRA was especially designed to accomplish this. Union organizers went into action throughout the country in intensive campaigns to enlist new members. At the same time, employee representation plans, already in effect in many industries, were extended to other plants and grew in membership much faster than the national unions.

Fighting the company unions

THIS rise of the employee plan drew bitter criticism both from the national unions and from men connected with the Administration. Much of this criticism was not based upon facts. The attack of the American Federation of Labor has been based upon self-interest. The indictments emanating from the Administration have demonstrated a lack of practical knowledge and have borne the ear-marks of political expediency.

Although many plans of employee representation have operated successfully for long periods, the public has been told that no such plan could truly serve the best interests of employees—that the plans have come into being only through the use of influence, coercion, and intimidation by employers and therefore do not represent the free choice of employees. The public is asked to believe that, were it not for this restraint, workers would flock to the national unions. Administration representatives have said that *no* employee plan can be satisfactory. Senator Wagner stated that the purpose of his "Labor Disputes" bill was to outlaw the so-called "company union."

Coercion and intimidation were not responsible for the growth of the employees' plan. It grew because it had the support of a majority of employees in the plants thus organized. These employees knew from actual experience that they would have a closer contact with employers and a more immediate adjustment of difficulties through it than through the national unions.

Claims of the great virtues of national unions bring a number of questions to logical minds.

If these unions afford such great benefits to workers, why have they attracted so comparatively few adherents? In 1915 the American Federation of Labor had slightly less than 2,000,000 members. During the War it grew to a 1920 peak of approximately 4,000,000. There was a steady decline through the "twenties" and, in 1932, the Federation had approximately 2,500,000 members. In this period the number of wage earners in the United States averaged 45,000,000. Thus this largest body of organized labor never represented as much as

Facts About Labor Relations

By ERNEST T. WEIR

Chairman, National Steel Corporation

EMANCIPATION of labor from coercion and intimidation was one of the purposes of NIRA. Opinions differ as to how this is to be done. Mr. Weir's views are timely not only because of his experience as employee and employer but because one of his company's subsidiaries is serving as a testing ground for interpretation of Section 7-a of the Recovery Act

ten per cent of its potential field. If it had so much to offer, no power on earth could have kept 90 per cent of American workers out of it.

Even under the tremendous impetus given by NIRA, the growth of the national labor unions has not been as extensive as was predicted. A survey covering 2,500,000 employees, conducted last December by the National Industrial Conference Board, indicated that only 9.3 per cent of the total number were members of national unions, while 45 per cent are represented through employee plans.

Why, if they do all they say they do for workers, do national unions resort to measures that are plainly coercive to obtain and hold members? Wherever they can they insist upon the closed shop. A worker must belong to the union if he wants to get and keep a job. Where they have the closed shop, why must unions rely upon the employer to collect their dues? The "checkoff" is always a cardinal point for which unions fight. If they had so much to offer the worker, one would think he would regard his dues as an excellent investment and pay them willingly.

Does not favor national unions

ALL of this would lead an impartial mind to believe that it is not employers but workers themselves who object to the national unions. The fact is that many workers are extremely dubious of the value of national unions. They know too many cases where jobs depend upon the favor of union officials; they know of racketeering and politics in unions, and they know that, in many cases, no one accounts or can be compelled to account for the huge sums collected as union dues.

Most of all, the workers know that unions are founded upon a basis of uniformity in opportunity. The average

American workman is interested in his present job only as it leads to a better one. He is ambitious to advance, and he knows that the spirit of unionism is antagonistic to this ambition.

Let us look at national unions from the standpoint of employers. The employer's one big interest is the peaceful, continuous operation of his plant. Labor difficulty, or even unrest, means interruption and inefficiency, with consequently higher unit costs. If the unions, with their long opportunity, had demonstrated that they were the best agencies to maintain satisfactory employer-employee relationships, the employer would have welcomed them with open arms.

From my experience in industry, first as a workman, then as a plant manager, and now as a general executive, I am firmly convinced that the employee representation plan is the solution to the problem of build-



ILLUSTRATIONS BY CHARLES DUNN
The worker today is aware of his rights and is giving serious thought to improvement of his position. He is far from bashful

ing proper relationships between employer and employee. Out of it, for the employee, will come maximum wages, the best working conditions, and continuous employment, because under this plan there is rarely the interference of the strike. Industry will benefit through better feeling, increased efficiency and, therefore, lower unit costs of operation. The public will benefit through

a more continuous flow of wages, greater stability, and improved products at lower cost.

Employee plans have been in effect in plants throughout the country for many years. Details vary but their general operation is much the same. Employees elect fellow-workmen to represent them in all matters arising between employees and management. Management has no voice in the election and most plans have been amended to permit the election of anyone, whether an employee or not, as a representative. The representatives appoint committees to handle the various phases of employer-employee relationships. Usually, one management representative is appointed to effect a liaison between the employee representatives and the management. If necessary, any worker, through his representatives, can take a complaint up to the highest executive in the company and, failing of adjustment there, to an outside impartial agency, whose decision shall be final.

Most differences are settled easily

FROM a practical standpoint, many of the differences arising day by day in an industrial plant are trivial and can be settled quickly and easily by an employee representative who knows the man bringing the complaint because he works with him and who understands the nature of the complaint because it concerns an environment with which he is completely familiar. Analysis of 505 matters arising through our employee representatives in the last half of 1933 shows that 296 concerned differences in wages, wage differentials, piecework or tonnage rates. The rest had to do with matters of safety, economy and waste, health and sanitation, housing and living conditions, education, athletics and public relations.

Any man engaged in the practical work of industry knows that these questions are often just as important to employees as wages and hours.

Part of the great strength of the employee plan lies in the fact that it lends itself flexibly to the adjustment of many matters that would be entirely beyond the scope of a national union. For larger issues, the plan affords a fair, unhampered opportunity for any individual or group of employees to obtain a prompt, just settlement. Through negotiations with our employees under this plan, we agreed upon the recent ten per cent wage increase before it was made general throughout the industry.

Repeatedly, employee representatives have been referred to as tools of management because companies pay expenses of the employee plans. In our particular plan, representatives received \$25 a month, in addition to their regular wages, for time spent upon duties as representatives, and it is no large compensation for the amount of time required. It is an insult to the American workman to assume that his allegiance can be bought for this sum or any sum. This sum is paid to whomever the employees elect, so how could it affect the representative's attitude toward the company?

Personal profit is not the motive of the employee representative. He has little to gain financially. On the other hand, election to one of these posts is regarded as a high honor. In general experience, the men elected have been the best type of men in the plants. They are intensely interested in their jobs, and in the betterment

of the lot of their fellow-employees. They know their town because they live in it, they know conditions of employment because they are workers, and they know the minds of fellow employees because they are their companions and neighbors. They desire peaceful relationships because they know what strikes cost workers and their families. They regard the employer and the employee as engaged in a joint enterprise for mutual benefit rather than as foes.

How these men and other employees can be dominated and controlled by the employer is beyond me. If domination is possible—in the sense in which our critics use the word—it is a phase that has escaped me. The worker today is aware of his rights, and is giving serious thought to the improvement of his position. Steel workers, at least, are far from bashful. If there is something on their minds they do not hesitate to say so.

As an employer I do not want to impose upon my employees. I want to deal with them on a fair and constructive basis, because that is the only one that will be mutually beneficial to the employee and the industry. Labor is the most important single element in the process of manufacture. Disgruntled labor is costly labor. Any employer who takes advantage of labor will soon find unit costs going up and himself in a weak position in a competitive market.

Of course it was the sniping at employee plans by labor leaders and politicians that inspired Senator Wagner to write his "Labor Disputes" bill. I condemned this measure at the Senate committee hearing, and I condemn it now.

In whatever name or form its proponents seek to pass it, this bill cannot be right because it is wrong in principle. It is a blow not only at the freedom of industry but at the freedom of labor as well. It is an attempt by theorist politicians and labor leaders to force the closed shop both upon industry and upon workers. We have heard of the tyranny of capital. Wouldn't this bill insure a tyranny, not of labor itself, but of the labor leaders? What freedom would the individual worker have; what influence could he exert upon the policies

of unions? It is common knowledge that many unions are controlled by machine politics and that their supreme authority rests with a small group of officers who perpetuate themselves in office. With a new and unprecedented power in their hands, is there anything in American experience that assures us they would not exert their influence in the manner of other organized minorities to obtain from legislators selfish benefits at the expense of the public? Sinister motives have been attributed to opponents of this bill. "They are seeking (it is said) to obstruct the progress of the worker to a new and better state." Yet, under examination, it is plain that the bill opens the way to medievalism of the worst kind.

Any step that would force the workers of the country into labor organizations of one kind, and force industry to deal with labor organizations of one kind—the national unions—would be the most dangerous and eventually the most regretted step in our history. It is my sincere belief that the true solution to the problem of employee relationships is the representation plan, because its foundation is—and must be—peace in industry.

I am firmly convinced that we will make permanent progress only through allowing to the individual the greatest possible freedom of action. The workman ought to be free to join a labor union or not, as he sees fit. He ought to be free to work without the consent or approval

(Continued on page 63)

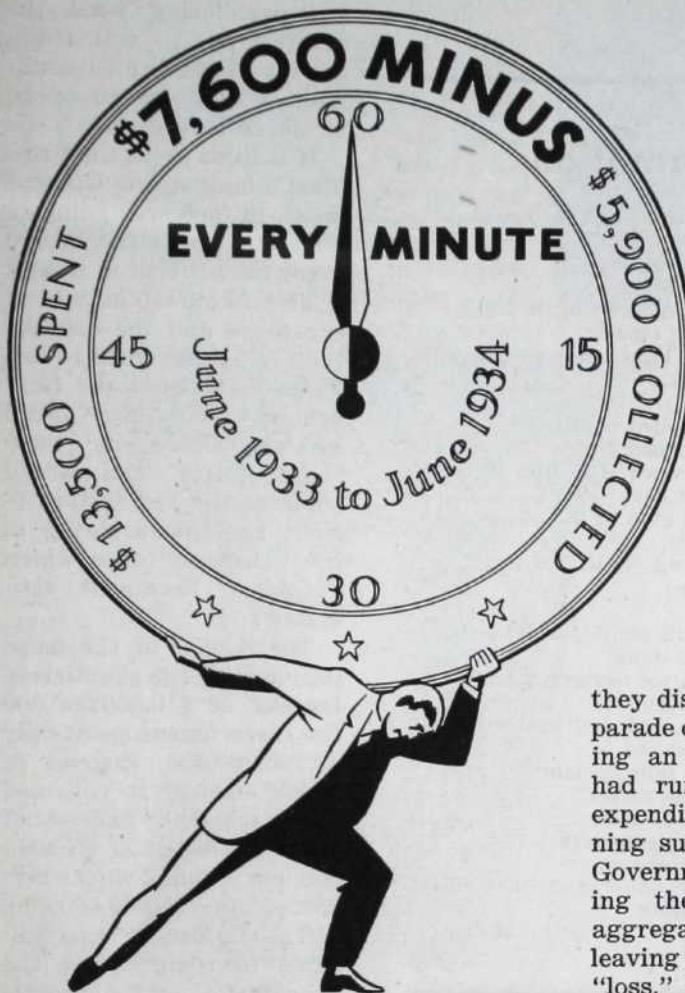


I do not want to impose on my employees. Disgruntled labor is costly labor

Spending \$13,500 a Minute

By E. S. DUFFIELD

President, Treasury Correspondents Association



The Government's \$4,000,000,000 deficit of the past fiscal year was without precedent in history

EVERY time that the clock ticked off a minute during the 12 months that ended June 30 the Federal Government spent \$13,500.

Every minute during those 12 months the Government reached into the pocketbooks of its taxpayers and collected \$5,900.

By spending \$13,500 while it took in only \$5,900, the Federal Treasury, as a going business concern, automatically netted a loss of \$7,600 every time 60 seconds slipped by.

As the minutes stretched into days and weeks and months, the money continued to gush out of the Treasury and the revenue continued to trickle in until on June 30 the Treasury closed its books and officially ended its 1933-34 fiscal year.

When the books were totalled up,

of approximately \$4,000,000,000 was without precedent at home and unheard of abroad; Europe shuddered over deficits not a tenth as large. With the \$7,100,000,000 which it spent last year alone, the Federal Government could have fought the whole Civil War more than twice.

Behind the unusual spending, of course, was the effort of President Roosevelt to start the wheels of business whirling again with an initial rush of Federal money. Then, too, there was the burden of relief, the Federal loans to bolster the credit structure, the continuing costs of the Departments, of the Army and Navy, and of the veterans.

Each day and each minute of each day all of these items took their toll of government money until the

they disclosed that the long parade of minutes, each costing an average of \$13,500, had run the Government's expenditures up to the stunning sum of \$7,105,050,084. Government collections during the same 12 months aggregated \$3,115,554,049, leaving the Treasury with a "loss," or a deficit of \$3,989,496,035 for the year. It had been the most costly year in the peace-time history of the United States.

The world has never seen anything like it before outside of war times. A deficit

Treasury's balance sheet began to read like a table of astronomical distances. If some Treasury bookkeeper, trying to bring these incomprehensible billions down to understandable terms, had drawn up a balance sheet for one minute—an average minute—in that record-breaking fiscal year, the sheet would look like this:

RECEIPTS	
Income taxes	\$1,556
Other internal revenue	2,800
Processing taxes	670
Customs	576
Miscellaneous	326
<i>Receipts per minute</i>	<i>\$5,928</i>
EXPENDITURES	
Reconstruction Finance	
Corporation	\$2,194
Relief Administration	1,528
Civil Works	1,362
Public Works	1,230
Conservation Corps	631
Agricultural Adjustment	670
Departments	649
Veterans	964
Army and Navy	911
Debt interest and retirement	2,123
Miscellaneous, emergency	538
Miscellaneous, ordinary	717
<i>Expenditures per minute</i>	<i>\$13,517</i>

Relief expenses are large

NOTICE two points that this balance sheet for the fiscal year brings out.

First, the huge burden which unemployment has laid upon the Government. Let's look at the three items of "Relief Administration," "Civil Works," and "Conservation

Corps." The Government undertook all three of these activities in an effort to alleviate the strictures of unemployment. Together they have cost \$3,521 a minute. Their total cost for the year was \$1,852,000,000, or more than twice as much as all the Federal income taxes paid in the course of the fiscal year. If public works, which were launched half to relieve unemployment and half to stimulate the heavy industries, were added in, the total would rise to \$2,498,000,000.

Second, look at how much it costs the Government to be in debt. It had to set aside \$2,123 every minute to meet interest payments and sinking fund instalments on its outstanding bonds and notes. Altogether last year the Government paid \$1,116,000,000 for the privilege of being in debt.

The Reconstruction Finance Corporation expenditures, largest of them all, were due, in the main, to purchases of preferred stock in banks. This device for putting a more sound foundation under the banking structure cost the RFC \$721,000,000 in cash last year, or about \$1,370 every minute.

The minute balance sheet shows also the proportionately large amounts of money which go into the Army and Navy and which still, despite economies, must be paid to veterans. Incidentally, the recovery agency, the NRA, cost the Treasury only the relatively small total of \$6,632,000 last year. The NRA, however, is levying its own taxes as "code assessments" to the tune of about \$100,000,000 a year.

Lest the boiled-down balance sheet dwarf the picture of government finance, here is the same balance sheet with the approximate totals for the year as reported by the Treasury:

RECEIPTS

Income tax	\$818,000,000
Other internal revenue	1,470,000,000
Processing taxes	353,000,000
Customs	313,000,000
Miscellaneous	162,000,000
<i>Total Revenue</i>	<i>\$3,116,000,000</i>

EXPENDITURES

Reconstruction Finance Corporation	\$1,153,000,000
Relief Administration	804,000,000
Civil Works	716,000,000
Public Works	646,000,000
Conservation Corps	332,000,000
Agricultural Adjustment	352,000,000

Departments	341,000,000
Veterans	507,000,000
Army and Navy	480,000,000
Debt interest and retirement	1,116,000,000
Miscellaneous	659,000,000
<i>Total Expenditures</i>	<i>\$7,105,000,000</i>

Huge as were the totals run up by the Treasury Department in the past fiscal year they fell far short of Pres-

them just what all those billions meant.

At their astonishment over such titanic budget totals he laughed outright. He told them that this budget message was the most brutally frank budget ever sent to Congress. He led them like bewildered children through the mazes of his millions and billions and turned them loose, still wondering what the catch was, to tell their readers that the Government was going to spend as never before.

If it lived up to the President's budget, the Government, in fact, was going to spend approximately \$2,000 every time the clock ticked.

The skepticism which the press and the country then felt came down to two questions: Could the Government possibly spend \$10,500,000,000 on such short notice, and would business recover with sufficient rapidity to bring in the increased taxes which President Roosevelt estimated?

The results of the fiscal year justify the skepticism. Instead of \$10,500,000,000 the Government spent only \$7,100,000,000. Instead of \$3,260,000,000 it collected \$3,116,000,000. Instead of having a deficit of \$7,309,000,000 it ended with a deficit of only \$3,989,000,000.

The failure of expenditures to come up to the President's prediction was due to a general lag of disbursals all along the line.

Popular as spending money is, it takes time. Even to wheel \$10,500,000 in dollar bills out of the Treasury in wheelbarrows and dump them in the gutter would take time. The principal lag, however, came in the RFC where a rush to repay loans and a slackening in demands for new loans made the need for Federal cash \$2,300,000,000 less than the President had estimated. Chairman Jesse H. Jones of the RFC says that this means business is getting on its feet rapidly.

The Public Works Administration, of course, has been a weak link in the spending machine ever since it was set up, and it, too, provided a major reason for the slump in expenditures below the President's predictions. Throughout the winter, PWA was almost paralyzed and ended the year millions of dollars behind the estimate set for it by the President.

On the revenue side of the picture, (Continued on page 64)

The Transformation

THERE always is room at the top," they said:
 "For those who will labor and save;
 Be honest, be upright, be early to bed,
 Be prudent, be thrifty, behave."
 He heeded their teaching; from morn until night
 He toiled, never heeding the clock.
 While others went seeking the lights that were bright
 He salted his pay in his sock.

He watered a desert, he tunnelled a hill,
 He flouted the wrath of the seas.
 On paths that were rocky he worked fit to kill
 That others might follow at ease.
 He built a machine that could give to the clerk
 The luxuries envied of kings;
 He learned Nature's secrets and set her to work
 To fashion desirable things.

And then came the people with righteous intent
 Appraising the work he had done.
 They said, "He's made money, we haven't a cent.
 Let's sock him, the son-of-a-gun!"
 Let's tax him and hound him and call him a name;
 Let's view all his doings askance.
 He says he is honest, then let him explain
 How come he has cash in his pants."

*"Be honest, be thrifty, success is no gift;
 You earn it," the copybooks shout;
 But when you have earned it, your honor and thrift
 Will always be subject to doubt.*

—PAUL McCREA

ident Roosevelt's budget estimates.

One soggy winter evening last January little groups of newspapermen trudged through the fog toward the White House. Bundled under his arm each reporter carried a bulky book bearing the title "Message of the President of the United States Transmitting the Budget." It was President Roosevelt's first budget, and it calmly announced that, in the fiscal year 1933-34, the Federal Government proposed to spend the unheard-of sum of \$10,569,000,000, collect \$3,260,000,000 in revenues, and run into the red \$7,309,000,000.

Although White House press conferences are usually held in the Executive Offices, the newspapermen this evening were ushered in the main door, up the broad stairway, and into the President's oval study on the second floor. There in the disc of light cast by his desk lamp sat the President writing and waiting for the newsmen. He had called them to tell

The State is Now Running Factories

Assembling a new loom for the weaving mill at the Millville plant. Ultimate production is expected to reach 21 dozen garments an hour

Thomas E. Wye, plant and production manager at Millville, faces the camera through two of the looms. He is a descendant of a long line of textile manufacturers. Below, some of the workers in the spinning plant. About 100 women and a few men will be employed. Each employee is limited to 24 working hours a week and is paid 50 cents an hour

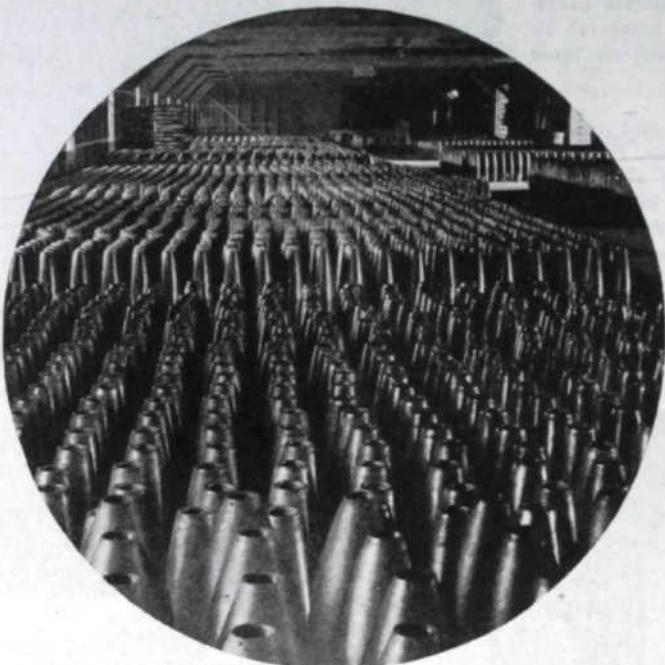


PHOTOS FOR NATION'S BUSINESS BY LOHR

STATE operation of idle factories for the benefit of the unemployed is spreading. The movement began when local "self-help" organizations used relief funds to operate sewing rooms and similar projects. Actual operation of factories apparently began when Texas agencies used federal funds to help cover expenses of slaughtering cattle at 19 idle plants. In Millville, Mass., previously unemployed workers are producing children's suits and men's undershirts. State and federal relief funds are used. The Ohio Relief Commission has formed a nonprofit corporation to run factories and lease farm lands. Such plans are attacked and defended. Massachusetts relief officials say their plant employs workers private industry can't use; that the garments will clothe people who could not buy; that relief costs are lowered. Opponents say these plans are further steps toward socialization; that they may lead to Government ownership; that extension to other fields is likely.



Do Business Men Want War?



DO business men welcome war? Do they prefer peace?

These are not rhetorical questions.

They are realistic interrogations which inevitably come home to the whole mercantile world.

The stake of the business man in international discussions looking toward reduction of armaments is susceptible of various appraisals. He thrives on armed conflict, according to one highly articulate body of opinion. "On earth, peace, good will toward men" is his golden text, say other observers.

Occasions for taking thought of these divergent judgments are apparent enough.

It is estimated that about \$5,000,000,000 a year is being spent on the armies, navies and air forces of the world. Of this amount, close to \$1,500,000,000 goes for the actual implements of war—cannon, guns, ammunition, military aircraft, and naval vessels.

In the United States a Senate committee has been empowered to investigate the so-called "munitions industries" as fomenters of wars. Through a message on May 18 the President sanctioned the purpose of the investigation. In part, he wrote:

The private and uncontrolled manufacture of arms and munitions and the traffic therein has become a serious source of international discord and strife. It is not possible, however, effectively to control such an evil by the isolated action of any one country. The enlightened opinion of the world has long realized that this is a field in which international action is necessary.

The peoples of many countries are be-

WAIVING humanitarian considerations—and business men are human—there are plenty of dollars and cents arguments to disprove statements that business foments conflict between nations in hope of profit

ing taxed to the point of poverty and starvation in order to enable governments to engage in a mad race in armament which, if permitted to continue, may well result in war. This grave menace to the peace of the world is due in no small measure to uncontrolled activities of the manufacturers and merchants of engines of destruction, and it may be met by the concerted action of the peoples of all nations.

No arms reduction in sight

THE European scene provides its own local color. The air is charged with war-rumors and lightning flashes of angry provocations. In almost every country expenditure on armaments is mounting. Signor Mussolini seems to have despaired of peace and arms reduction. Turkey intends to press for the abolition of one of the few demilitarized areas in Europe. Relations between France and Germany—where some measure of good will is a condition precedent to any useful arms convention—are

growing more strained, and have been particularly abraded by irritating incidents in the Saar. Germany is not represented at Geneva at all. The agreement which gave her "equality of rights within a system of security for all nations," concluded by the five principal powers at the end of 1932, was noted by the Disarmament Conference, but has never been adopted by it.

The proceedings of the Disarmament Conference since it was opened in February, 1932, is a sad story of high hopes dispelled, of opportunities lost, concessions made too late, and changes of mind which have nullified small advances. After two and a half years the conference finds itself in the position of the psalmist who wrote: "I labor for peace, but when I speak unto them thereof they make them ready to battle."

The General Commission of the Disarmament Conference, observers say, has so far only registered differences. It is impossible, they contend, that it should achieve any substantial arms convention at this session. The only questions that really remain to be decided now are whether it can, before it disperses, usefully register points of agreement, and, if so, whether it should then be dissolved or merely adjourned. Differences have been growing greater between France and Germany ever since Herr Hitler became master of the Reich, and they have grown greater between Great Britain and France. But they were always there; and their frank expression will not have been all loss if it

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brings to an end "vague and inconclusive discussions," of which Sir John Simon spoke, without bringing to an end the attempt to set the relations of all nations upon a new and better basis than before the War, a basis which shall preclude the calamitous increase of armaments above the required level simply by force of the competitive out-building of one nation by another.

All seek security

IN THE meantime, under the impulse of France, Soviet Russia, and Turkey, the Conference, commentators point out, is turning away from the main road marked out for it into the by-path of security. It is proposed that a commission should be set up to study the possibilities of a system of non-aggression pacts, which, it is plausibly suggested, might offer the occasion for renewed German cooperation. But, as the non-aggression Treaty in the Balkans has just proved, it is precisely the ex-enemy country, dissatisfied with its boundaries and its military inequality, which may be expected to refuse to take part in a system almost necessarily based upon the territorial *status quo*; and the ingenious proposals of M. Litvinoff and Tewfik Rushdi Bey suggest that security is to be sought through a barely disguised system of alliances based on armed strength.

On another continent, Bolivia and Paraguay are engaged in a bloody jungle warfare over territorial

claims in the Gran Chaco. Related to the armed disputation is the authority which the Congress of the United States put into the hands of the Administration to prohibit the sale of arms in the United States to belligerents. Before adjournment the Senate ratified the Convention for Supervision in the International Trade in Arms signed at Geneva in 1925. The reservation was made, however, that the treaty is not to become effective until approved by certain other powers.

The implications of these considerations are as various as the individual backgrounds against which they are interpreted. Many members of the business community have known for a long time that their rôle in supplying the sinews of war might be perverted into a basis for sensational derogation. What was proudly hailed as industrial patriotism in time of emergency is the very stuff of which slander is made once the threat of enemy aggression or invasion is ended.

The American business man has suffered much from wild charges as to his ethics, his practices and his motives, but none has been so absurd as the charge that business thrives on war. It has even been said that the business man encourages war; that, while the young men are losing their lives in battle, he remains at home to make excessive profits. There never was a more infamous slander.

In the first place, it is contrary to the science of business.

The intelligent business man desires above all else to develop his business normally. He must make commitments months in advance; that is, he must promise to do certain things in the way of buying materials and of delivering goods at fixed times and fixed prices to consumers. If anything upsets these plans, the business man must resort to quick strategy. He must revise plans, open negotiations involving cancellations, change production schedules, find new methods of promotion and selling. Many a business, the records show, is snuffed out because of the confusion that disarranges the orderly process of trade.

The business man could rest his case on taxation alone. He knows that if the Disarmament Conference fails, between \$300,000,000 and \$400,000,000 a year will be added to the tax burden of the country.

Taxes hurt consumers

AND here is opportunity to spike another false impression. The business man is interested in taxes not alone because they take profits out of his till, but because he understands, as most taxpayers fail to understand, that every dollar of taxes must ultimately come from the consumer of things, from you and me. These millions of dollars must come from somewhere. They must be taken out of the productivity of the work, the real labor of people.

Business is only a conduit, a collector of taxes. Taxes are levied upon



It is estimated that it will take 30 years to repair the disruption to international trade caused by the World War. Business men depending on foreign markets at once had to erase the names of these and thousands of other refugees from their lists of potential customers

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a business concern and it, in turn, is forced to pass them on to customers. The real objective of American business is to produce more things for more people. American business realizes that this objective can be obtained only by producing and by distributing those things at constantly lower prices, while at the same time providing opportunity for consumers to make the money with which to buy. The business man moves toward the goal by increased efficiencies, by saving in production and distribution. But taxation prevents the consumer from getting the advantages of these efficiencies. They are eaten up by the tax collector.

If a recession can be arrived at in Geneva, the business man sees that millions of dollars will be saved for the people of the United States alone, a tidy sum which can be used for permanent construction and raising the national standard of living.

nation backs up all along the line, to the worker at the lathe, and to the man with the shovel. He has seen war fever develop to such hate that spontaneous boycotts result.

There are many instances where war and the fear of war have disturbed friendly business relationships, relationships based upon years and years of profitable trade.

Many business scars of the late World War remain visible.

Among the Chinese and Javanese in the Dutch East Indies the war feeling, in this neutral part of the world, broke out into open conflict. The Javanese with Mohammedan leanings cheered a motion picture in which the Crescent of Islam went over the top at Gallipoli. The Chinese countered with a hiss. That started the hard feeling which spread throughout the entire country, resulted in many deaths and disrupted business. At one period, the danger

the world had fallen short by more than \$210,000,000,000 of the total merchandise exports it would have added to international trade if the economic dislocation accompanying and following the great war had not occurred. It estimated that it would take 30 years to make up for the ground lost during the World War.

Foreign trade plays a considerable part in our business life. When we consider that nine per cent of all our production goes to foreign countries, and that this per cent represents the difference between good times and bad times, foreign trade takes on a new perspective.

When a nation starts to build up its war machine, fear is naturally engendered in the hearts of other countries and that fear is inimical to the easy flow of exchange.

It is said that this feeling toward armament and war may hold true of the typical business man, and the typical business country, but how about those great industries which provide the sinews of war—the maker of gun-powder and high explosives, the builder of battleships, the international banker.

No help for powder makers

IT DOES seem that a company which makes munitions of war and has for its market those countries engaged in war, should be less enthusiastic about disarmament than the rest of us. To the witness-stand comes the chairman of the board of the du Pont Company, Pierre S. du Pont, head of a great American company which is as old as the nation itself, and which has made munitions for our Government in five great wars.

Mr. du Pont is a member of the American Philosophical Society, a trustee of Massachusetts Institute of Technology. But he is the chairman of the board of the E. I. du Pont de Nemours Company, and the General Motors Corporation, two of America's greatest business organizations.

Mr. du Pont answers our question in a letter, published with his permission. He writes:

MY DEAR MR. THORPE:

You ask me to give the attitude of a munitions maker toward the Disarmament Conference.

The popular conception of a munitions maker is a sinister individual with a deep hatred for peace and a contempt for the pursuits thereof. He is pictured as doing all in his power to fan the flames of distrust between nations and to delight in the conflicts that ensue, since they create enormous and immediate profits for his corporation.

I called this the popular conception of the munitions maker; in reality it is the popular misconception.

Consider the du Pont Company, whose history is coincident in point of time with that of the United States. We have



Since commercial powder plants cannot turn out explosives used in war, new plants must be built and new organizations formed when labor is hard to get. This wartime photo shows girls loading shells in an American factory

The business man has another reason for his interest in the Disarmament Conference. He appreciates that trade is based on good will and confidence one man in another, one nation in another. He knows that when suspicion, fear and hate arise, business negotiations halt, trade stagnates and the stag-

of wholesale massacre was so imminent that planters sent their families down to the ports to get the protection of the Dutch troops.

The cumulative effect of all such disruption of trade, whether in belligerent or neutral countries, is stupendous. In 1926 the National Foreign Trade Council estimated that

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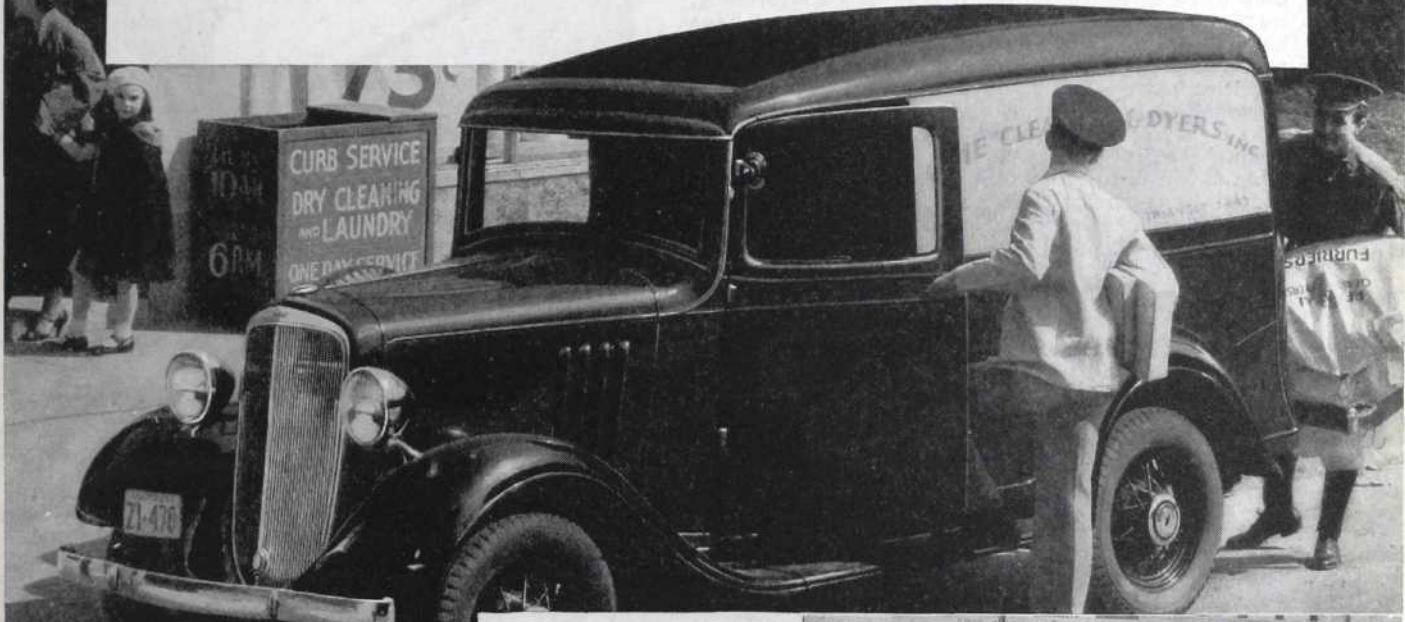
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hole question was all so long ago that nearly come to take it for number of cylinders a I still give satisfactory o more. No less. With say the penalty of too d too much gas con w cylinders (and rough, 1). And when the engine valve-in-head Six, like

Chevrolet's, you get the maximum power and performance out of this maximum economy. Chevrolet is the lowest-priced six-cylinder truck on the market—the lowest-priced truck with an overhead valve engine. It's also the lowest-priced truck that's *all truck throughout*. Isn't that the kind of hauling unit you want your name on—this year?

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Driven 99,000 miles, with an average cost per mile of \$0.0234 (for gas, oil, repair parts, labor and insurance). That's the story of six-cylinder economy, as told by this Chevrolet Six sedan delivery, owned by Hage's Ice Cream and Dairy Products, San Diego, Calif.



provided a great part of the explosives used in all the wars in which the United States has engaged. Therefore we feel that our records should show conclusively what war will do for—and to—a maker of munitions.

No munitions concern can live by war alone. During 139 years of the existence of the United States as a nation there were four major conflicts before the World War. They lasted about ten years in all, or about seven per cent of the time. How could any independent corporation keep itself alive for 139 years by turning out a product that was only wanted ten years of the time?

The manufacturer of war materials who was prepared to meet the emergencies of these years was not supported during the intervening time by preparations for the conflicts. Such manufacturers existed through the ownership of factories occupied in making peacetime products. In that way alone could they stabilize their business.

Most people—business men included—probably think that war has no dangers for the maker of munitions. The truth

is that no one realizes as clearly as do we makers of war necessities the grave financial dangers of modern conflicts. Even for a company as strong and firmly established as our own, it is a gamble whether it can successfully weather the storm.

There is the need for immediate and tremendous expansion; the steady, even flow of peace-time business gives way to a feverish rush for materials and labor. This expansion must be accomplished when there is a demand for money from a thousand sources. You might assume that our factories can turn to the making of war materials without changing their equipment. As a matter of fact, our plants that make powder for commercial purposes could not turn out the explosives used in modern warfare. New plants, then, must be erected, new organizations created when labor is hard to find and not overconscientious.

Wars stop suddenly. The munitions maker finds that his market has vanished overnight. He is left with plants and organizations on his hands that are of little value during peace—and these

difficulties are enhanced by the depression that follows conflicts.

Our company has attained its present position not because of, but in spite of, the wars it has helped to fight. For several years we were busy unsnarling the tangles that resulted from our part in the World War. We are by no means alone in this respect. I could name half a dozen great concerns that turned their energies to war production that had serious difficulty in pulling through the after-war slump. I could mention a famous automobile company that turned to the production of airplane motors. They came out of the fight without even a factory, and since then they have not built a single car. There is a long list of such industrial casualties left in this country by the great war.

In war time, prices of most materials mount skyward. This is true particularly of foodstuffs, clothing, and many articles that go into the equipment of the fighting man. Manufacturers of such products are given an immense and immediate market at soaring prices. Yet such manufacturers (of these commodities)

Wrestling with Code Authority Budgets

THE problem of whether compulsory payment of code authority fees can actually be enforced remains unanswered. Although some 150 budgets have been submitted, slightly more than 20 have received definite NRA approval. Collection of fees under some of the approved budgets has begun and in a few industries the 30 day period for payment has elapsed, only to be extended. So far, it is reported informally, no "Certificates of non-payment of Contribution" have been filed with NRA and no Blue Eagles have been removed for this reason. Meanwhile, nearly 200 authorities have taken steps to amend codes to make payment of fees compulsory. Other authorities have asked exemption from the clause which states that a single business may be assessed only under one code. When the new system gets into final operation, some observers say, code fees collected will total \$100,000,000.



PHOTOS FOR NATION'S BUSINESS BY THOMAS D. MCALVY

Arthur C. Smith, whose trucks have moved two presidents and Cabinet members of four Administrations, tacks on the tag which shows he has paid his code authority assessment. He operates a fleet of 17 trucks

Joe Nople, Washington truck operator, registers at his code authority office, pays his fee and receives his Blue Eagle. Jerry Crossin makes out the papers. Although June 28 was the original deadline, time for payments has been extended

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are not accused of promoting war for the selfish purpose of increasing prices, notwithstanding the fact that the increased demands of war do not require the investment of their capital in special machinery and supplies useless for peaceful pursuits.

Smokeless powder, the chief product of the du Pont Company during the war, was the only essential material whose price declined during that period. We believe that is a record. Now, what happened to some of the other necessities? The price of cotton on the farm soared from six cents in October, 1914, to approximately 42 cents in July, 1920; the price of wheat on the farm went from 76½ cents in June, 1914, to \$2.58½ in June, 1920. Our price on smokeless powder to the United States Government was reduced from 53 cents to 44 cents during the war period.

It is probable that few munitions makers gained much financially from their operations. In the case of the du Pont Company, taxes paid to the United States Government during the recent war not only absorbed the entire profit of the company on powder sold to our Government, but, in addition, wiped out all of the profit made on these powders during the preceding 20 years.

The great factories of our company that produced powder during the World War were created for that purpose and were abandoned completely when the war ceased.

Mr. du Pont would have us distinguish between the adventurer and the established concern. He says:

In time of war it is not difficult to enlist the capital of the adventurer in war-time pursuits. These adventurers are ready to take advantage of any situation. Their opportunities occur from time to time, not through their own making, and they are disregarded by the public as promoters of war. On the other hand, those industrial manufacturers who, through the production of similar materials, stand ready to help the nation in the hour of need, are frequently the targets of those who aim to promote discord.

Could anything be more unlikely than that old and well established industrial corporations should encourage a condition of affairs calling for the gravest financial risk in the preparation of huge quantities of special products in times so uncertain as a period of war? Again the case of the du Pont Company may be cited. At the outbreak of the war we had capital assets of about \$80,000,000, and employed about 6,000 men. Our business amounted to about \$26,000,000 a year. Demands of war required the increase of the business to more than 300 million a year, the employment of 68,000 men, and the investment in factories for the production of special military explosives of \$220,000,000, equal to 270 per cent of the total assets of the company before the war.

The building of these factories and the production of 1,466,000,000 pounds of explosives required the purchase of an enormous quantity of materials in widely fluctuating markets, and in face of possible cessation of hostilities at any moment. Failure to produce on specified time would have entailed most serious consequences. Presence of explosives made the factories particularly liable to successful attack by the enemy, requiring constant guarding at all points. The introduction of thousands of untrained men not only caused grave risk with respect to the quality of product, but

through possible carelessness or lack of information, introduced hazards whose consequence might amount to thousands of dollars in a single accident. Witness the war-time destruction of several powder magazines in flares that lasted a fraction of a minute, where the value of material lost amounted to as high as \$250,000 in one accident.

I hope that I have made it clear that we makers of munitions who survived the risks to life and capital are not among those eager to repeat the experiment of war by preventing the establishment of permanent peace. I consider the calling of the disarmament Conference a long step in the right direction. Sentiment against war has always been strong; added to this sentiment now is the crushing burden of taxation, and a disarrangement of all the orderly channels of domestic and international commerce.

Yours sincerely,
PIERRE S. DU PONT.

The bankers' side

SO MUCH for the maker of war munitions. But what of the international banker? Loose-tongued critics say that, no matter what destruction and devastation war involves, the banker profits. He lends money to both sides and at exorbitant rates. Some demagogues say that he sometimes foments war to further his own selfish ends. Very well. Let us call the international banker to the witness box. Let us summon a partner of J. P. Morgan and Company, Thomas W. Lamont. Mr. Lamont ought to know. He was a representative of the United States Treasury at the Paris Conference. He was a member of the American Delegation to the Reparations Conference which brought forth the Young Plan. He was a member of the American group of the Banking Consortium for the assistance of China. No man could speak with greater authority on international finance than Mr. Lamont. He writes:

DEAR MR. THORPE:

You ask me to say a word as to the interest which American business has in the question of reduction in armaments. I answer this:

There is no group of men in the world more eager for the success of the Disarmament Conference than the business men of America. From the material aspect the reduction in armament means reduction in taxes. Reduction in tax burden is a help to all business, to wage-earners fully as much as to employers. The Government can pay for warship construction only through taxation. It costs 45 million dollars to build a new first-class battleship, a sum sufficient to provide standard endowment to half a dozen of our colleges, produce facilities for 10,000 of our high schools. Multiply one warship by eight or ten and you will see the immense savings that will accrue to the American people if, through success at Geneva, we can make material reduction in our naval expenditure.

But, great as the saving will be in dollars and cents to the American people, naval reduction means far more in other ways. It means that suspicion and fear as among the leading nations are largely removed. It means relief of mind,

tranquillity and the stable wages and good living that go with mutual confidence.

Finally, let me say, as I have said before, that among American business men there is no desire so strong as that which they cherish for permanent peace and for the stability, prosperity and happiness which attend peace. There is no slander quite so unfounded and outrageous as that to the effect that men of affairs, manufacturers or bankers, are not averse to war because of the fancied or fleeting material profits sometimes flowing from war. No suggestion could be falser, more abhorrent than that. That statement applies not to Americans alone but, according to my experience, to bankers the world over who are engaged in international affairs. Success in international finance can never be attained through strife. Co-operation, cordial and complete, is the only factor that will bring it about. And all international bankers realize that fact.

On the contrary, I believe it to be the men responsible for the prudent and successful conduct of great business affairs that are most eager for enduring peace; most open to every effort to minimize chances of war; most ready to support any movement for lighter armaments that spell lighter burden of expenditure and taxation.

Sincerely yours,

THOMAS LAMONT.

And from a builder of warships. How does he feel? Homer Ferguson, president of the Newport News Shipbuilding and Dry-Dock Company, which has turned out some of our most magnificent battleships, emphatically declares that

the shipbuilders would like to have the armament question settled on an equitable basis, so that they would know what to look forward to in the planning of their plants.

He says he would much rather build a merchant ship any time than a warship, because the work is vastly more businesslike, proceeds with less effort, and the turnover is greater. And he further expresses the belief that if the number of war vessels were cut down by the Conference, there would be an increase in the building of merchant ships as great or even greater in tonnage than the reduction brought about through the cessation of warship building.

If the business men of America will focus their attention upon this question of disarmament, it will be a most valuable contribution to its effective solution.

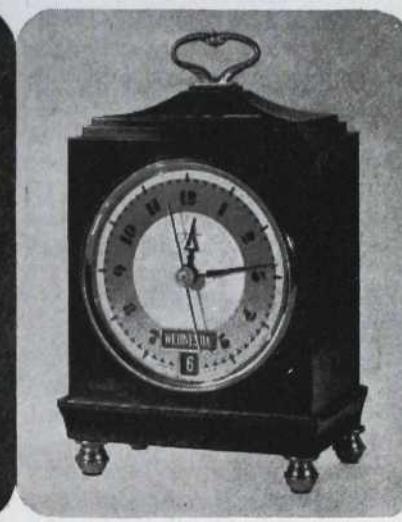
Patience is needed, because in all negotiations, business or political, there will be moments of discouragement and even of black despair. It is easy to arouse a sentiment for competition with other countries in the preparation for war. To the American business community the possibility of replacing the competition in armaments with a competition for peace is at once a challenge and an opportunity.

—M. T.



Calendar Clocks

FOR KINGS AND COMMONERS



A CENTURY or two ago the making of a movement of a calendar clock required many months of hand work by the most patient and skilful of craftsmen. They were so rare and costly that they were deemed worthy of elaborately ornamented cases wrought in bronze, silver or gold. Only Royalty could afford them.

In these modern days, calendar clocks may be owned by everyone. Instead of an intricate movement made by hand, there is a simple synchronous motor operated by an alternating electric current. Instead of a hand wrought case of precious metals, there is an attractive case of rich, lustrous Bakelite Molded. Instead of costing thousands of pounds, the modern calendar clock may be bought for a few dollars, and is far more accurate and dependable.

The development of innumerable appliances and devices for the convenience, comfort and pleasure of

today's public has been paralleled by the discovery of new materials that make their production more economical and practical. Perhaps the most outstanding of these is the group of phenolic resin materials widely known under the trade name "Bakelite". This group includes Bakelite Molded, Bakelite Laminated, Bakelite Technical Varnishes and Cements, Bakelite Transparent Resinoids, and a number of others.

Our new editions of 1L, "Bakelite Laminated", and 1M, "Bakelite Molded" contain interesting illustrated descriptions of Bakelite Materials and their uses, and may suggest opportunities for you to use them in your own products. Your request will bring copies by return mail.

★
Photographs show a German gilt bronze calendar clock of the 16th Century (Courtesy Metropolitan Museum of Art) and the modern Hammond Electric Calendar Clock of black Bakelite Molded designed by R. D. Budlong.

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BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin Street, Toronto

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numerical sign for infinity, or unlimited quantity. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products.

THE MATERIAL OF A THOUSAND USES

When writing to BAKELITE CORPORATION please mention Nation's Business

Air Cooling Reaches Main Street

By J. J. NANCE

Manager, Air Conditioning Division, Frigidaire Corporation

“WHO is going to buy air conditioning?" I am frequently asked by business acquaintances in fields other than my own.

"Are many people really installing air-conditioning equipment in their homes and business places?"

"If I build a new home, factory, office, store or apartment building, is air conditioning something I should look into and consider?"

Perhaps the best answer to these and related questions is to tell something of the people who actually are buying air-conditioning equipment at the present time.

Of course, we have our own theories as to who ultimately will buy the bulk of this equipment, and

CONDITIONED air, once offered only by the largest theaters, is becoming more and more common in business places and homes. Just who is buying this equipment? Where and to whom will it be sold in the future? Here is an informed opinion

rections in which our young industry is heading.

This year we've tapped the Main Street market in our sales in the commercial classification — retail shops and the like. The business men of "Middletown" have begun to buy and install air conditioning. Thus we

spreading sales are reaching into cities of the 30,000 and 25,000 population class.

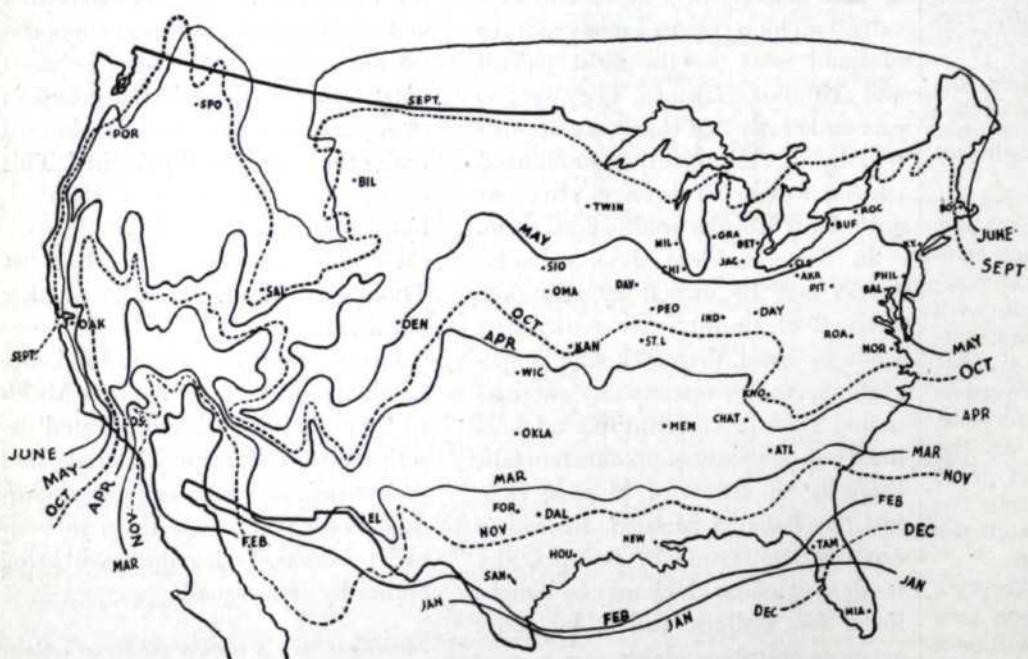
Most sales to retailers

AS THESE observations indicate, the retail field is still, to our own company at least, the most fertile from a sales standpoint. Industrial installations, designed to facilitate processing of goods and the like, have been and probably still are the bread and butter of the industry as a whole. But commercial installations, designed chiefly for human comfort, promise soon to challenge this leadership, to say nothing of the place that residential installations may ultimately occupy.

Restaurants have been our best prospects among commercial classifications for two or three years. Installations in some cities, in fact, have become so numerous that many of the new ones are being made primarily to hold old patrons rather than in expectation of attracting new trade. I know of one shrewd restaurant owner who this summer installed air conditioning even though he was al-

ready doing a near-capacity business. He couldn't possibly add much to his sales volume by so doing, but he could protect himself against losing his customers to nearby competitors who were also installing such equipment.

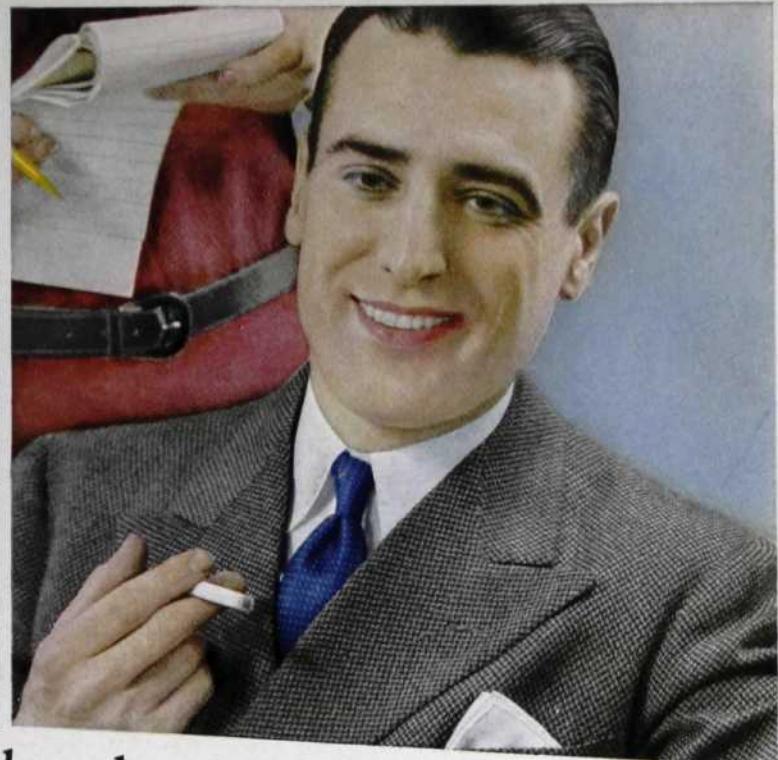
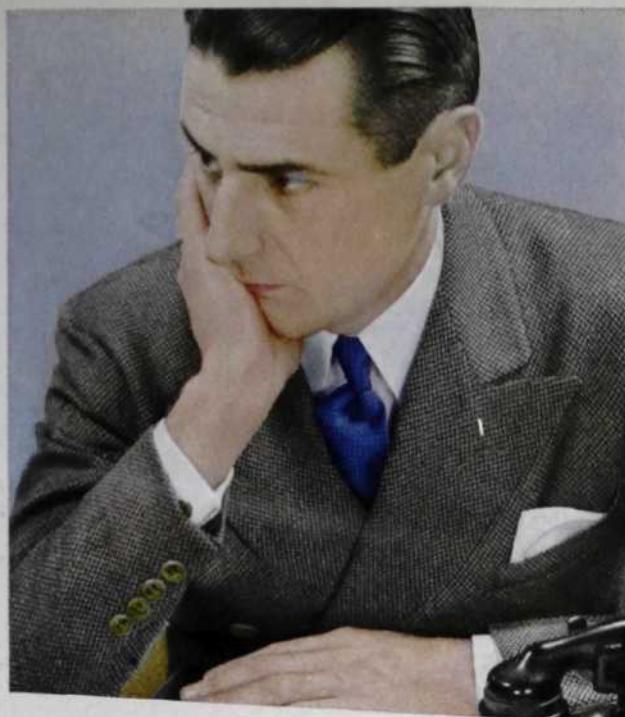
In the past two years many beauty



The seasonal market for air conditioning opens in the far south in January. By June it's almost nation-wide. Its southward retreat begins in September.

where these potential purchasers live—which I shall explain later—but there is no need to confine a discussion of air conditioning to speculation and prophesy. People are already buying, and we are selling, air conditioning in sufficient volume to point significant trends as to the di-

are working into a constantly broadening market. It is as though our sales started at the apex of a pyramid—the great theaters and department stores in the big cities—and now are spreading down the widening sides to the thousands of smaller business establishments. This year those

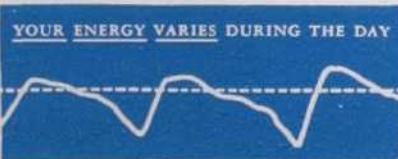


WORN OUT... and then he smoked a Camel!



"DOG-TIRED" AFTER WORK... with a long evening ahead... and dinner time still an hour away! Just one of the many times during the day when you will want to light up a Camel—for restoring your flow of healthful energy. You'll like Camels—a matchless blend of costlier tobaccos!

FOUND



*Experience of Camel smokers
is now Explained*

From a famous research laboratory in New York comes a basic discovery that throws new light on our past knowledge about cigarettes. It embodies an "energizing effect"... a harmless restoration of the flow of natural body energy... a delightful relief from fatigue and irritability. When you smoke a Camel you enjoy an increase in your flow of energy. And this benefit you get from smoking Camels can be enjoyed over and over again... without upsetting your nerves.

Let CAMELS increase
your flow of ENERGY

Tired? Light a Camel. And as you enjoy its cool, pleasing fragrance, you feel a new flow of energy... a quick and delightful "energizing effect."

You've probably noticed this yourself and wondered how it happened. The "lift" you get from Camels is a release of your own

Important Facts for Smokers Discovered by Science!

natural energy... made easily and harmlessly available.

So when you're feeling "all in," smoke a Camel. That tired feeling slips away. Camels have helped your own body to help itself.

You can smoke just as many of these delightful Camels as you want. And you need never worry about your nerves. *For Camel's costlier tobaccos never get on your nerves.*

**CAMEL'S
Costlier Tobaccos
never get on
your Nerves**



Camels are
made from finer,
MORE EXPENSIVE
TOBACCOS than
any other popu-
lar brand.

The Start of Printing this Page goes back to 1799

In 1799, Alessandro Volta of Pavia, constructed the first electric battery. William Cruickshank and J. F. Daniell of England improved Volta's device and in 1837 Thomas Spenser of Liverpool, while experimenting with a Daniell battery, made an accidental discovery that led to electrotyping.

Spenser just happened to use a copper penny for the positive pole of his battery and upon this penny was deposited a layer of copper from the copper sulphate solution in the battery. This layer was torn off accidentally and Spenser found this shell to be an exact duplicate of the head and lettering on the penny, as smooth and sharp as the original.

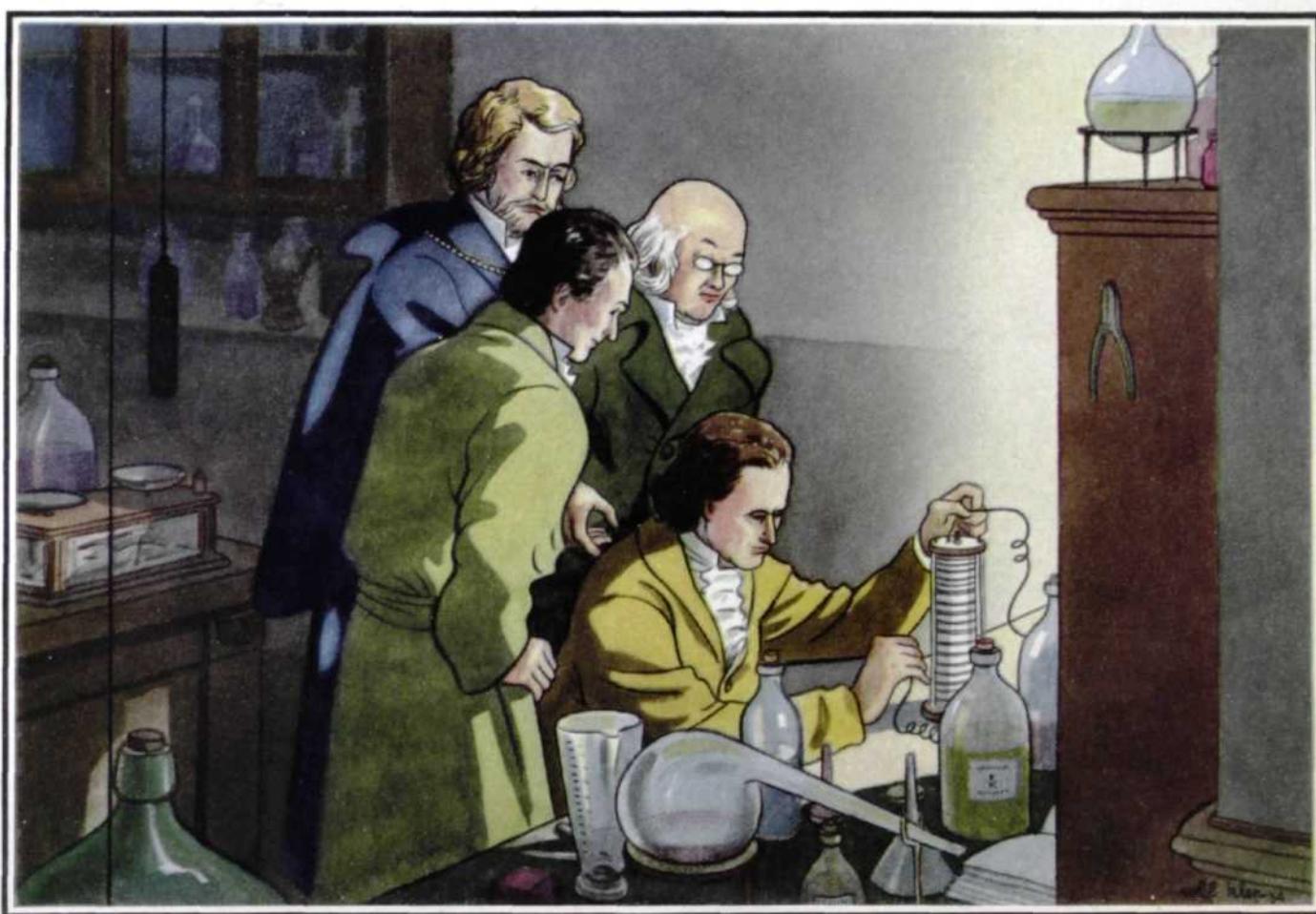
Later, Spenser impressed a form of type upon a sheet of lead, placed this lead mold in a battery for eight days and got a copper shell one-eighth of an inch thick. This was the world's first electrotype.

Electrotyping is one of the developments that has

made modern printing—printing on a large scale at low cost—possible.

The recent development of Kleerfect—The Perfect Printing Paper—is the latest factor in the production of fine printing at low cost. First of all, in making Kleerfect, special processing eliminates two-sidedness of surface and color for all practical purposes and makes printing of uniformly high quality possible on both sides. Kleerfect has strength and high opacity. It possesses a neutral color that gives proper contrast with the greatest number of printing inks and types of illustration...a non-glaring color that is easy on the eyes and permits the maximum true reproductive power of one to four colors.

Before you produce your next mailing, see examples of the better work Kleerfect makes possible. A request to our Advertising Department in Chicago will bring them to you and the name of the merchant nearest you who stocks Kleerfect.



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THE PERFECT PRINTING PAPER
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parlors have also been installing air conditioning, thereby defeating the summer slump that they once regarded as inevitable. The discomforts of hair dressing and waving, unbearable to many women in hot weather, are of course largely removed in air-conditioned parlors.

This year hotels have also become active in installing this equipment, particularly in their dining rooms. Many hotels, having badly ventilated private dining rooms which were dead losses to them during the summer season, are now operating them at profits solely because they have air conditioned them. Hotels are also offering room cooling in increasing numbers. I believe I am safe in predicting that next year our industry will see a boom in hotel room-cooling equipment comparable to that which it has experienced in railroad air conditioning.

Hospitals, too, are now beginning to come into our sales picture. To date, most such installations with which I am familiar have been made in the operating rooms—that now being installed at the Cincinnati General Hospital is one in point—but it is logical to assume that it will also be extended to patients' rooms. Here, if any place, the comfort and uniformity of conditioned air commends itself. Only recently we circularized a long list of hotels and

hospitals and received a tremendous response, particularly from those in secondary towns, a fact which further bears out the point that "Middletown" is now entering the market.

Small stores are buying

THE smaller department stores and gown shops constitute other retail groups now becoming purchasers of equipment, particularly for their fitting rooms. In this way they are minimizing the heavy losses they have taken on gowns ruined by perspiration during fittings.

Women's and, to a lesser extent as yet, men's ready-to-wear stores are still other groups now beginning to appreciate the advantages of air conditioning and to install it.

Barber shops, particularly high-class shops in hard-to-ventilate hotel basements, are becoming active customers.

To cite another instance of "Middletown" sales, small-town theater owners are now beginning to emulate the example of their big-city brethren whose installations a few short years ago first introduced conditioned air to the American public.

Candy shops are still another retail group which must be included in a list of this nature. Only by air conditioning, dealers tell us, can they successfully make open dis-

plays of candies on their counters during extremely hot weather.

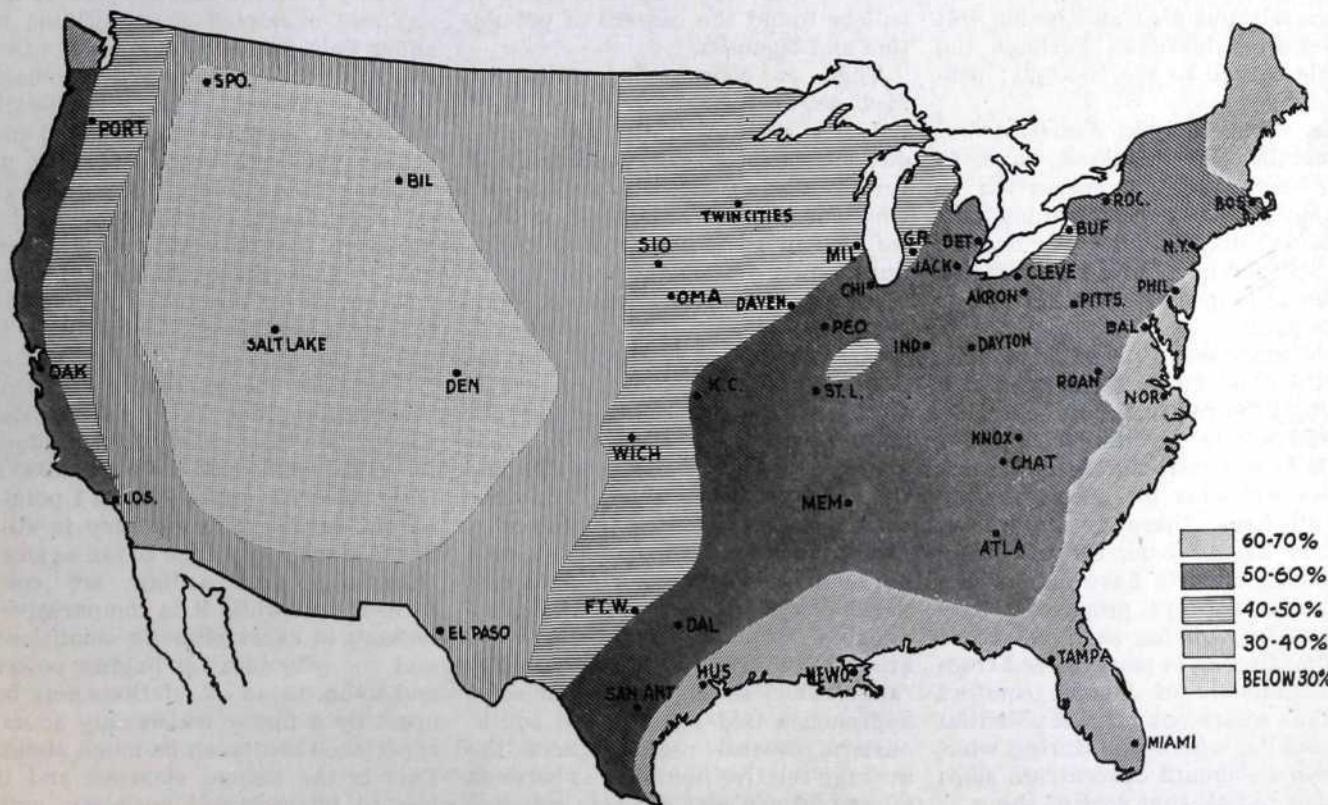
Banks constitute still another important and growing group of commercial users, and are applying air conditioning both to their safety deposit vaults and banking rooms.

Installations for individual rooms in office buildings are also being sold in growing numbers. Purchasers in this group act largely on impulse, we find—they must fry before they buy.

These, then, are the commercial groups who are the most active present buyers of air conditioning so far as our own experience shows.

Some idea of the further range and extent of air conditioning in commercial classifications can be had from a recent report of the Edison Electric Institute, based on a survey conducted among 26 utility companies. In addition to classifications already listed, these companies report installations in 13 broadcasting stations, 12 brokers' board rooms and exchanges, nine clubs and apartments, seven churches, two depots, 38 funeral chapels, 14 halls, seven libraries and museums, 17 medical buildings, 19 schools, three shoe repair shops, and 105 office buildings.

But what about domestic air conditioning? This is a question which bulks large in the public mind and, of course, in the minds of manufac-



Relative humidity is a prime consideration in charting air conditioning's likeliest market areas. The industry's interest centers in the large diagonal belt of 50-60 per cent relative humidity.

turers of domestic air-conditioning equipment.

It is significant, I think, that the chief question home owners now are asking about domestic air-conditioning equipment, as shown by a survey of inquiries at our company's new demonstration home at the Century of Progress, is "How much does it cost?" This indicates that home owners already know something of how the equipment operates, what it does, and what its advantages are. Given a satisfactory answer to the cost question, they are ready to buy.

Already residential installations are being made in appreciable numbers—a fact which we view with pleasant surprise, since we had anticipated that home owners would not be opening their doors to us in numbers for several years. Zone installations—that is conditioning of particular sections or rooms of homes rather than the entire house—have been one of the interesting developments our own company has observed this summer. Homes ranging in price from \$15,000 upward are the liveliest present market.

New homes will be conditioned

THE dearth of new home construction just now naturally is limiting sales, but given a revival of such construction, sales may be expected to increase. Some of the more enthusiastic members of our industry have predicted that ten years hence a home without air conditioning will be definitely obsolete. Perhaps the wish is father to the thought; perhaps not.

Our sales, both in domestic and commercial classifications, have, to date, been in direct proportion to sales activity. Air conditioning still has to be sold. Thus it is our dealers who are playing the dominant rôle at present in getting air conditioning to the public.

This may seem to indicate that something of an opportunist policy is being followed in the merchandising and selling of this equipment—that is to say, that the likeliest sales targets are being picked off as they bob up here, there or anywhere. That is hardly true, for our merchandising experts have made careful market surveys, prepared charts and graphs showing sections where air conditioning is most needed from the standpoint of human comfort and thus where our largest potential markets lie, where and during what months we should concentrate sales activity and all that sort of thing.

In charting areas where air conditioning is most needed, it might be explained, relative humidity is the all-important consideration. Thus,

as the chart on page 43 shows, the country is divided into areas having similar ranges of humidity. The boundaries of these areas follow no particular geographical lines. They jump rivers, lakes and mountains alike. That large belt running diagonally across country from San Antonio to Boston is the one which interests our industry most. In this area, and also in a narrow strip along the West Coast, relative humidity averages from 50 to 60 per cent. This average is the result not of a sustained level within that range, but rather represents the mean between extreme fluctuations upward and downward. As a consequence, people in this area suffer greater discomfort because of humidity, and hence are likelier prospects for the equipment we offer, than the people in regions where humidity is consistently high or low.

It will also be observed that, in this area, the business vitality of the country principally centers. Here are Boston, New York, Cleveland, Detroit, Chicago, Pittsburgh, St. Louis, Atlanta and other focal points of business activity. Philadelphia, Baltimore, Milwaukee and other large cities are practically within it. Experts have an ingenious theory in this regard. They see a close connection between climatic conditions and business activity, and point to the fact that wherever on the globe this area's particular climatic conditions are reproduced there also will be found the centers of population and business.

This, of course, constitutes an ideal set-up for the air-conditioning industry and may in part explain our enthusiastic views concerning its future. For in exactly the sections where our product is most needed, we also find both the greatest concentrations of population, and thus the greatest number of potential purchasers, and also the greatest concentrations of wealth, or buying power.

This chart, beside showing our merchandising men where their greatest potential markets lie and therefore where sales activities should be concentrated for the most profitable results, also serves as a guide in our selling. A single sale psychology, we have found, is applicable throughout any area or areas of a given relative humidity range. Thus selling plans and sales approaches laid out for the southeastern coastal region where the average relative humidity is between 60 and 70 per cent are also effective in the extreme northeastern and extreme northwestern regions, where like ranges of humidity prevail.

Another chart which is proving

useful to our sales force in the summer air-conditioning field—my remarks have been confined mainly to that field because it bulks largest in the public mind just now—is the isothermic-like map on page 40. From the individual dealer's standpoint, ours is a seasonal product, at least for the present. We need accurate information as to when the air-conditioning season opens in a given section, how long it runs and when it closes if we are to get maximum results from sales efforts. This map supplies that information.

Not completely seasonal

INCIDENTALLY it also reveals that, from a national standpoint—and this is interesting to us as manufacturers—air conditioning is not absolutely seasonal. That is to say, at no time during the entire year is there a country-wide closed season on air-conditioning sales.

Starting in January, the market opens itself in the far southern part of the United States, as the bottom-most solid line on the map shows. By February it has moved a little farther north, a direction which it pursues through successive months until by June it has reached the northern boundary and embraces almost the entire country. September sees the beginning of the southward retreat of seasonal demand and by December we find southern Florida the only seasonal market open to us.

These examples are sufficient to show that we have made a studied approach to our sales and merchandising problems. But, although charts and graphs such as these and others we have prepared serve as useful general guides, they often go awry. A case in point is provided by a certain area which, by all weather, income and other data, should right now be one of our liveliest markets for air conditioning. Actually it is one of the quietest.

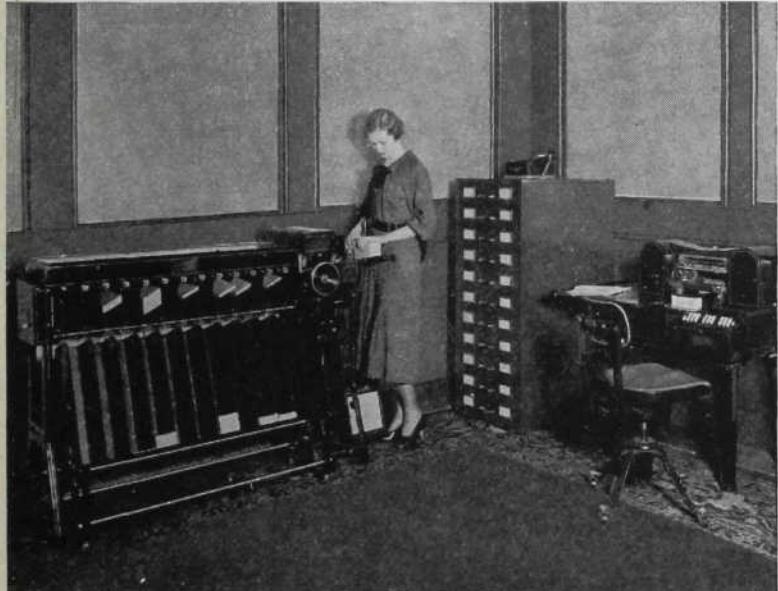
This does not imply a criticism of scientific approaches to selling. Rather it is a confession that our data is still insufficient to formulate a truly scientific approach. As I pointed out earlier, our industry is still in the pioneering stage so far as merchandising and selling are concerned; and while it is comparatively easy to chart climatic conditions and compile data on buying power and so on, these calculations may be upset by a factor which only actual experience can teach us much about. This is the human element, and it has to be reckoned with not only in our customers but in our dealers.

The growth of air conditioning during the past year and a half is

(Continued on page 53)

Thru the holes in the cards

**accounting is current,
accurate, less expensive
and is paid for by better management**



In today's highly competitive markets, management requires more information from figures than the financial position at the end of a definite period. The whole basis of the modern Punched Card System of Accounting is to record every transaction in such form that it is not only usable for the quick performance of the ordinary routine accounting but is instantly available to produce comparisons and analyses for management. The value of these reports lies in the fact that they are complete and current. Disclosures are made in time for correction of policy.

Strange as it may seem, the cost of routine accounting performed by Powers Method is usually less than for the same work done manually. The machines are leased so require no capital investment. They do not show depreciation or obsolescence on the balance sheet. Speed and accuracy alone would warrant the adoption of the system. Of far greater value is the fact that Powers reports are complete and current.

There is a booklet entitled "Management Reports... in the Modern Manner" which tells the story of what Powers is and what Powers does. A copy will be sent gladly to any major or departmental executive. Address your request to Powers Accounting Machine Division of Remington Rand Inc., Buffalo, New York.

The POWERS CARD is the basic accounting record, readable if desired. The location of the holes in 45 or 90 columns determines the words and figures that will appear in the books of accounts. Through the Powers Automatic Punch the original records are transcribed into Punched Cards. This machine is operated by a keyboard similar to a typewriter. The POWERS SORTER receives the cards and arranges them by any common denominator. Because of this mechanical means of sorting all kinds of analyses for management are possible. The POWERS TABULATOR interprets the holes in the cards and produces in printed visible form the various records required for routine accounting as well as the break-downs for management. The POWERS REPORTS are complete accounting records. They are produced at less cost and in only a fraction of the time of those made manually. Furthermore, they are always accurate and complete. POWERS SERVES Banks, Chain Stores, Public Utilities, Federal, State and Municipal Governments, Railroads and Insurance Companies, Industrial and Commercial Enterprises.



Oil-Trail-Blazer for

By EVERETT T. MARTEN

"IN ALL the array of activities that have made our nation the richest, and, in material ways, the most fortunate among the races of men, the industry of petroleum is the most completely and characteristically American," a business man recently said.

From the pattern of the industrial organization designed by oil's pioneers have been modelled the gigantic corporations which our fluctuating national moods periodically subject to cycles of wrath and adulation.

Seventy-five years ago this month, in an isolated region of northwestern Pennsylvania, the oil industry—America's second largest—was born. Col. Edwin L. Drake's strike of a 20 barrel well on August 27, 1859, was the first event in a series destined not only to set this country apart as a nation committed to big business but to blaze broad trails in production efficiency and in foreign commerce.

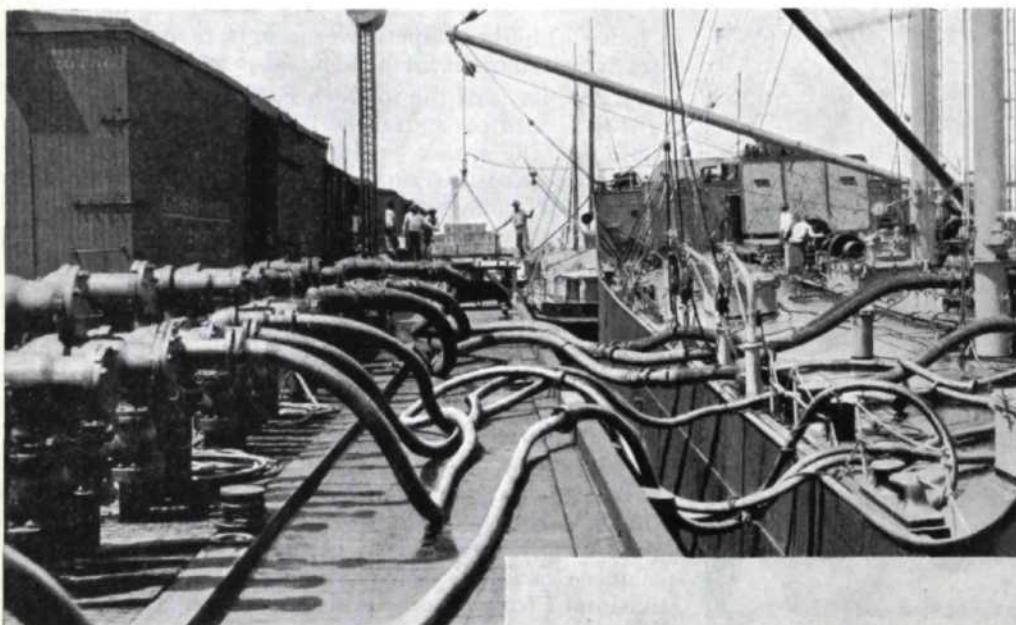
The young industry was launched in a propitious era. Factories were becoming mechanized, and just when the hungry maw of the machines demanded lubricants,

sperm oil became scarce and more costly. Animal fats and vegetable oils were unsatisfactory, and the ready acceptance of the new oil was broadened by the worldwide search for better illuminants than tallow candles and sperm oil lamps.

The amazing growth of the industry during the past three-quarters of a century testifies to this acceptance. Its \$12,000,000,000 investment is owned by 2,250,000 stockholders, its annual production of 900,000,000 barrels comes from 24 of the 48 states, and its 1,300,000 carloads of freight supply more business to the railroads than any other industry save coal. It pays the wages of more than 2,000,000 workers and contributes \$1,000,000 in taxes to the federal, state and local governments annually—one-eighth of the total tax bill.

Only men with ideas build industries. Drake, Kier, Vandergrift, Van Syckle, Potts, Flagler, Rockefeller and others had ideas, and the petroleum industry is a product of their vision.

If it had not been for the merchandising enterprise of Samuel Kier, a Pittsburgh druggist, the development of America's oil resources might have been delayed for years. Kier, with a financial interest in some salt wells, determined to find a market for the oil that was proving a nuisance to his drillers. Taking his cue from the Indian tradition attributing curative values to petroleum, he packaged small quantities of the malodorous liquid in medicine bottles and began to employ the



COURTESY THE TEXAS CO.

J. J. Vandergrift, early genius of oil transportation, perceived the advantage of bulk oil shipments and oil boats like the *Crescent* were built for him. The method of bulk shipments continues and the modern tanker shown loading above carries 17 different kinds of oil in a single cargo



Business

SEVENTY-FIVE years ago this month the oil industry was born. With it was born a whole new set of business problems with which pioneers in the field wrestled so successfully that the methods they set up have been widely used as a pattern

embryonic art of advertising to sell it in Pittsburgh and as far away as New York.

His first shipment of "carbon oil" to New York sold for 70 cents a gallon, but the demand soon skyrocketed the price to \$2.00. When the salt wells proved incapable of supplying enough oil to meet the growing demands, people began to search for new supplies. As a result, the Pennsylvania Rock Oil Company was formed, the first oil company in the United States. It dispatched Col. Edwin L. Drake to Titusville, Pa., to sink a well on some leased property there.

Drake, like David Buick and Frank Duryea in the automobile field 25 years later, made distinguished contributions to the industry without reaping the financial rewards due his efforts.

New methods of drilling

CONFRONTING almost insuperable obstacles, financially and mechanically, he refused to quit, and after 16 months' work struck oil at 69½ feet. Incidental to the drilling, he invented a device which would have made him rich had he thought to patent it. Unable to reach the rock with his drill because of continual cave-ins of sand, he sank a hollow tube to the solid rock through which the tools could be operated, a method of drilling almost universally followed by those who came after him.

Drake left the oil fields soon after this achievement, lost his money on the New York oil exchange and died in poverty. On August 27, the seventy-fifth anniversary of the first oil struck in the United States, a celebration will be held at Titusville in his honor, and the site of the Drake well will be donated to the state of Pennsylvania by the American Petroleum Institute which now holds title to the property.

The value of petroleum had been established by 1859, so that the importance of Drake's strike was immediately recognized. Men rushed to the region. Hundreds of wells were drilled, and a sea of oil began to come in. As new problems developed in transportation, in manufacture and in marketing, men came forward to grapple with them, men whose names are now famous—Vandergrift and Van Syckle in transportation; Merrill and Atwood in refining; Rockefeller, Flagler and Archbold in manufacturing and marketing.

Jacob J. Vandergrift entered the oil business in hectic 1861, but being no speculator, he selected transportation as a branch of the business less spectacular but



The Drake well at Titusville, the first in this country. Colonel Drake wears the silk hat

more certain of profit than wild-cat drilling. Railroads did not penetrate the district, so petroleum was shipped in barrels down Oil Creek to Oil City, where it was loaded on river boats and taken to the refineries or to the railroads in Pittsburgh. Vandergrift's boat, the *Red Fox*, plied regularly between Pittsburgh and Oil City. The barrels in which oil was shipped usually leaked, and frequently broke, causing much loss. Loading and unloading cargoes of oil was laborious, and the necessity for returning empty barrels to the wells uneconomic.

Vandergrift perceived the end of these difficulties when the first bulk boat, with which Richard Clyde was experimenting, arrived in Pittsburgh. He immediately ordered 12 such boats which could be loaded and unloaded by pumps. He soon established the superiority of bulk oil shipments, and laid the foundation for a substantial fortune in shipping.

Being a man of wide interests and active imagination, he recognized the importance of Van Syckle's pipeline success and soon after 1865 he constructed a line of his own, which eventually became the nucleus of the Standard Oil's gigantic system. This achievement led him to construct in 1874 this country's first trunk pipeline from the Pennsylvania oil region to Pittsburgh, 40 miles away.

But Vandergrift's fecund mind was teeming with ideas.

"Why not produce your own oil, transport it yourself, refine it in your own plant and market it?" he thought. "Do away with the middleman entirely!"

And so, years before Rockefeller fabricated his in-

grated business structure, Vandergrift produced his own petroleum and shipped, refined, marketed and piped his own, as well as other people's oil. Here was a man after Rockefeller's own heart, and when the Napoleon of oil began to recruit his lieutenants, Vandergrift was one of the first he selected.

Railroads entering the oil field

FOR five years after oil was struck, railroads skirted the oil region but did not pierce it. With envious eyes they watched tons of lucrative oil freight travel down the waterways, and finally in 1865 they extended branch lines into the region. The Pennsylvania tapped Corry and Franklin. The Erie touched Titusville, Corry and Meadville, while the New York Central's Lake Shore and Michigan ran as far as Franklin.

Almost from the start the railroads used tank cars designed by Charles P. Hatch in 1864. These enormous wooden tubs placed on regular flat cars served for a few years but were then supplanted by the cylindrical, boiler iron tank cars used today.

Much of the history of oil is the story of efforts to reduce transportation costs. Even today, with a highly efficient system of transportation, such costs represent 40 per cent of the total price of gasoline, exclusive of the tax. It was due to Samuel Van Syckle's efforts to effect transportation economies that the first successful pipeline was built.

Although the penetration of the railroads provided outlets for oil by rail as well as water, it was still necessary to employ teamsters to cart petroleum to the shipping points. Van Syckle, an oil buyer and producer, enraged by the outrageous prices charged by these men, built a pipeline from a well in Pithole to one of the shipping points of the Pennsylvania Railroad to abolish this nuisance. His economical method of transport was acclaimed by producers and fought by the teamsters, who tore up the line, burned the storage tanks and committed other forms of sabotage until armed guards were obtained to protect the property.

Van Syckle's four-mile line,

completed in 1865, was later bought by Col. Joseph D. Potts for his Empire Transportation System which the Pennsylvania Railroad controlled. But, after the Empire's losing battle with Rockefeller, Van Syckle's line, together with other units of the Empire system, were added to Vandergrift's network and became part of the Standard's United Pipelines.

Fourteen years after Van Syckle's success, the first trunk line to the Atlantic Coast was laid from Olean, N. Y. to Bayonne, N. J., and today it is possible to pump oil from the remotest fields of California to the refineries on the Atlantic Coast.

Refining problems were equally as pressing as those of transportation. Before the drilling of the Drake Well perhaps a dozen refineries were operating, manufacturing coal oil from shale. But petroleum refining was less expensive and when supplies of crude oil became available, most refineries switched to the new product.

In 1857 Samuel Downer, formerly a sperm oil merchant, erected a refinery in Boston and put Joshua Merrill, a chemist, in charge. In the next four years at the Downer plant, many of the refining methods now in use were developed. Three of Merrill's contributions are noteworthy. He accidentally discovered the "cracking" process—first applied to coal oil—which Luther Atwood, another refinery chemist, patented in 1860. He successfully deodorized lubricating oil made from petroleum, greatly broadening its market, and finally he produced righolene, an anesthetic widely used by surgeons of the time.

To his important discovery of "cracking," Merrill



John D. Rockefeller, counsel and witnesses enroute to the hearings which dissolved the Standard Oil Company



The ancestor of the modern oil truck. This outfit operated in Neola, Iowa

BROWN BROTHERS

From The First Advertisement



Of What Is Now

a billion dollar estate

“THE EMPTY CHAIR” . . . though quaint and crude as pictured in the first Northwestern Mutual pamphlet of seventy-six years ago—is still very much to the point.

Even with the vast growth of life insurance, there are still many families in 1934 that are inadequately protected.

For the protection of a family can mean much more than leaving them a lump sum of money. The largest fortunes sometimes shrink materially. Even the wisest men and women make investment mistakes. And many an inheritance is dissipated by extravagance. Contrast such commonplace hazards with the dependability of a worry-proof income from a billion dollar estate.

More than half a million Americans

are banded together in the Northwestern Mutual for the financial security of themselves and their families. Its assets, as reported to state insurance departments, now total a billion dollars—a great estate administered for mutual welfare and protection.

By placing part of your earnings with the Northwestern Mutual as regular premium payments on a life insurance program, you may provide a worry-proof income for your own less active years, with a monthly check as regular as the rent bill for those of the family who may survive you. Be sure your plans to protect your family are sound and adequate. Call in the Northwestern Mutual Agent. By tradition and training he is exceptionally well qualified to serve you.



The NORTHWESTERN MUTUAL
LIFE INSURANCE COMPANY *Milwaukee, Wisconsin*



Is your Sprinkler ready for a fire?

AN AUTOMATIC sprinkler system undoubtedly is the most effective method of retarding and preventing the spread of fire. But like any mechanical apparatus, it depends to a great extent upon the human element and consequently it must be supervised constantly to assure its effective operation at the critical moment.

A. D. T. Sprinkler Supervisory Service maintains a continuous, automatic (electric) check on the entire system. Any closing of a supply valve, any drop in air or water pressure, any dangerous drop in temperature or inadequate water supply in any tank will report itself immediately to an A. D. T. Central Station. Likewise, when fire occurs and water flows from the system, it automatically calls the fire department without a moment's delay.

Unsprinklered buildings may have automatic fire detection and reporting service with the A.D.T. AERO Automatic Fire Alarm... it "feels fire like your finger feels a flame."

Regardless of insurance, automatic sprinklers, watchmen or type of building, you need A.D.T. Services to make your property and your business SAFE. These services often effect substantial economies...may we tell you how? Descriptive literature on request.

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AMERICAN DISTRICT TELEGRAPH COMPANY, 155 SIXTH AVE., NEW YORK, N. Y.

»

- A.D.T. KEEPS YOUR SPRINKLER SYSTEM OPERATIVE...
- INSTANTLY DETECTS AND REPORTS FIRES IN SPRINKLERED AND UNSPRINKLERED BUILDINGS... PROTECTS AGAINST UNLAWFUL ENTRY... SUPERVISES AND ASSISTS WATCHMEN.

ADT Protection
against
FIRE • BURGLARY • HOLDUP
A NATION-WIDE SERVICE

paid little heed, for it produced the lighter distillates, while he desired comparatively heavy lubricating oils. Today, with gasoline the most valuable petroleum product, between one-quarter and one-third of the 15,000,000,000 gallons of gasoline manufactured annually is obtained through "cracking."

As the sea of oil began to flood the domestic markets, oldsmen cast appraising eyes across the seas. Europe had attempted to meet her lubrication and lighting needs through coal oils distilled from shale, but petroleum's superiority as demonstrated in America suggested to Dr. A. F. Crawford, U. S. Consul at Antwerp, the possibility of opening up European markets. He ordered 40 barrels of refined oil shipped to Antwerp early in 1861, thereby introducing to Europe America's new product.

Seeking markets abroad

SIX months later, Peter Wright & Sons of Philadelphia shipped 27,000 barrels to England in a sailing vessel, the first full cargo of export oil. It glutted the market and caused the shippers financial loss, but it established the merits of the product and created a future demand. By 1870 oil exports had risen to 2,500,000 barrels a year; in 1880 they were five times as much, and by 1900 they were approximately 25,000,000 barrels.

This sudden increase in foreign commerce required expansion in our merchant marine. Ships were constructed especially for the purpose and first of the bulk boats, the *Charles*, was built in 1863. Today this nation's oil fleet represents an investment of more than \$1,500,000,000, and the value of petroleum exports in 1932 totalled \$208,381,000, exceeded only by cotton.

While markets were being extended to Europe and the roots of the industry were being imbedded more firmly at home, prices were volatile.

Nine months after the drilling of the Drake Well, the production was 200 barrels a day and the price of oil varied from \$18 to \$40 a barrel. Six months later, production had doubled, and suddenly in 1861 gushers began to come in. Eighteen months later production exceeded 15,000 barrels a day. Prices vanished. Small wells became unprofitable and were abandoned. Gradually prices rose, reaching a high of \$10 in 1864 followed by a sudden drop. Just as production seemed stabilized, a new gusher would knock the bottom out of prices. Some producers held their oil waiting for the rise, but it was uncertain business and evaporation and leakage were great.

Refining was almost as chaotic as

production. It was a simple process requiring little capital, and plants sprang up everywhere. Fluctuating prices made the business speculative. Into this disordered scene came John D. Rockefeller, Henry M. Flagler, John D. Archbold, S. V. Harkness and their associates—men with ideas for stabilizing the industry.

Rockefeller, a high-powered book-keeper, with a passion for economy and a hatred of waste, had been in the oil business with Andrews since 1865. Their refinery in Cleveland had grown rapidly, and unlike many others, had made money.

Lack of capital caused the young firm grief, until in 1867 Henry M. Flagler was added to the partnership and wealthy S. V. Harkness, Flagler's father-in-law, invested \$70,000 in the business as a silent partner.

Brilliant, audacious Flagler immediately became invaluable to the firm, and his knowledge of the Saginaw, Mich., salt pool, formed to control production, was to affect strongly the efforts he and his associates were to make to achieve a similar stability in oil.

An integrated company

BY 1870 the business was becoming integrated. The firm had the largest refinery in the world. It bought crude directly from the wells. It made its own acid and barrels. It owned tank cars, which made the company independent of the whims or inefficiency of the railroads. It did its own loading and unloading and its own haulage. Uses and markets were developed for every by-product of the business. Nothing went to waste. Up-to-date processes and devices were installed—anything to cheapen costs and increase efficiency.

That year Rockefeller, his brother William, Flagler, Harkness and Andrews, incorporated their oil interests in the Standard Oil Company of Ohio. That year the price of kerosene fell. The number of refineries increased. Overproduction became acute, and many refiners faced ruin. The Franco-Prussian war cut into foreign sales, and a catastrophic change in export demand became evident. European orders switched from refined to crude oil—a dangerous threat to American refiners.

Other industries were also affected by the disorder, waste and price fluctuations of the period. There was wild speculation and overproduction in tobacco, sugar, cottonseed oil, salt, tin plate and liquor. So when it became evident that combination and integration would end the chaos, the idea was eagerly embraced by a disheartened business world.

Fundamentally the plan devised by



His Late Majesty King William IV
"We give you the King!"

If, like most people, you find that King William agrees with you, why not stand by this fine old Scotch whisky and have no regrets next day. The years have mellowed King William and made it royal good company. Every case is delivered from an U. S. Customs bonded warehouse. Sole U. S. Distributor, Bluebell Importing Corporation, Graybar Building, New York.

KING WILLIAM IV



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 GLASGOW and LONDON

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Flagler, Rockefeller and their associates was simple, although its application was attempted through vastly different methods before it was finally consummated. Cut-throat competition was to be eliminated by an association of all refineries. A centralized board of control would allocate to each its production quota, and this board would buy the crude oil and market the refined, thereby controlling prices. Freight business would be apportioned among all railroads, ending rate wars costly to the roads. The latter in turn would grant substantial rebates on all oil shipped by the combination and drawbacks on all oil shipped by competitors. Railroads were to refuse to carry crude oil for foreign export.

No independent refiner could possibly resist such withering competition, but theoretically all refiners would be invited to join.

All Rockefeller's efforts at combination followed this general plan. It was the basis for the infamous South Improvement Company, for the National Refiners' Association and for the Standard Oil Trust.

John D. Rockefeller, Jr., defended the ultimate objective in an address on trusts at Brown University some years ago.

"The American Beauty rose," he said, "can be produced in its splendor and fragrance only by sacrificing the early buds that grow up around it."

That was the Rockefeller idea.

Competition hurt efficiency

HE was convinced that unbridled competition was a wilful crucifixion of order, efficiency and economy. After the charter of the South Improvement Company was withdrawn and the voluntary National Refiners' Association had disbanded, he determined that his objectives could be attained only by abolishing all rivals. He would give the leading competitors a chance to enter his combination. If they refused, they would be crushed.

This ruthless program was the illegitimate offspring of stern necessity. In other industries a similar need was felt. During the Government's investigation of trusts, witness after witness in the sugar, the distilling and the tin-plate industries testified that combination was forced upon them by excessive competition, and by speculative and destructive forces at work in their industries. By combination, they could effect economies, reduce overhead, stabilize prices, prevent cross-shipments of freight, diminish distribution costs and maintain a uniform quality of product. So they combined.

The story of the Sherman Anti-

trust Law and the dismembering of the monopolistic trusts is familiar to everyone and requires no repetition here. Business, however, had seen the vision. Monopolies had taught industry what large, well integrated organizations could accomplish, and the lesson was not lost.

Monopoly was ended but large-scale business went on. The industry continued to expand. At least 800,000 wells have been drilled since Drake struck oil, and more than 16,000 oil companies are now engaged in extracting petroleum from 2,000,000 acres of land in 24 states.

Improvements in distribution

TO transport the annual production of 900,000,000 barrels of crude and refined oil, 100,000 miles of oil pipeline and 8,000 miles of gasoline pipe are required. Four hundred tank steamships, aggregating 30 per cent of all tonnage under the United States flag, carry American oil to every part of the globe, and 144,000 tank cars aid in its distribution at home. Since 1907, when the Oriental Oil Company of Dallas, Texas, installed a pump to eliminate the use of gasoline buckets, 350,000 service stations have been erected to supply gasoline and lubricants to the nation's motorists.

No one can predict the industry's future trend, but two new factors will inevitably play important rôles—government control and taxes.

Only in recent years has industrial taxation proved burdensome, and the billion dollars annually collected through petroleum's 118 taxes is probably the largest amount paid by any industry. Its total assessment has increased in 12 years from \$109,000,000 to slightly more than a billion.

Yet in that 12-year period the average earnings of the industry have been but 1 1/3 per cent on capital invested, and at the height of the boom they were only 4 1/2 per cent; for one-fourth of the period the industry lost money. Industrial taxation will certainly have to be studied, for business cannot operate long at a loss.

Federal control constitutes an unknown quantity. The bill proposed in the last Congress to give the Secretary of the Interior control of production was pushed aside, pending a summer of investigation. But many oil men believe that some form of federal control is inevitable.

Obviously, stability of its industries is important to the national welfare. Whether a proper degree of control can be effected without displacing private management and destroying private initiative, no one can tell.

Air Cooling on Main Street

(Continued from page 44)

rapidly providing us with the actual sales experience we need. A survey by utility companies in seven major cities gives an idea of this growth. It reveals that in the first eight months of last year, 581 installations were made in these cities, as compared with a total of only 733 in the entire 23 years preceding. In other words, air-conditioning installations in these seven cities for the first three quarters of 1933 reached up to within 21 per cent of the total installations from 1910 to 1932 inclusive.

Another highly significant development is the unmistakable trend toward installations of smaller capacity. Until the last few years, installations were bulky affairs, mainly used in theaters and other large buildings. Their tonnage—the scale by which cooling capacity is measured, a 100-ton unit being one which will give a cooling effect equivalent to melting 100 tons of ice in 24 hours—was large. The average tonnage for the 733 installations during the first 23 years was 94, while the average tonnage for the 581 installed during the first eight months of 1933 was only 18.

Thus bulky equipment no longer preempts the limelight in the air-conditioning sales picture. Smaller installations, automatic in operation, are occupying an increasingly important place, showing a growing use of conditioned air in the small business establishments and the homes of the country. It is another indication that air conditioning has finally come to "Middletown," and that, despite depression, the American people still are, as they always have been, willing buyers of comfort.

Stream-Lined Trains

FORWARD looking rail management know that invention and improvement have as much scope in railroading as in highway or air transportation. The Baltimore & Ohio's order for two light weight, high speed airfoil trains is a case in point. To be built by the American Car & Foundry Company, the new trains will be air conditioned by the York Ice Machinery Corporation, suppliers of the equipment for 273 of the 274 air conditioned cars operated by the B. & O. lines. The York installations provide heating and humidifying in winter, as well as cooling and dehumidifying in summer.



"FORGET PERSONALITIES ... We know we can cut our Insurance costs in MUTUAL Companies"



PROPERTY owners know that a saving in overhead cost is a *net* saving. That's why thousands of them have insured against fire in *mutual* companies.

There's no sacrifice of security in the *protection* offered by legal reserve *mutual* organizations. On the contrary, so stable and sound has the *mutual* plan proved itself, that 31 *mutual* fire insurance companies have over a century of corporate life to their credit. No other classification of American business has so striking a record of stability.

The MUTUAL Principle

To reduce the cost of the insurance by reducing the losses—that is the essence of the *mutual* plan. Selection of risk—and making good risks better through inspection and fire prevention work—these are traditional *mutual* practices that contribute to reduction of loss.

Who Benefits?

In a *mutual* company, there are no stockholders. The only group to benefit therefore are the policyholders. Literally millions of *mutual* fire policyholders have saved a substantial part of their premiums year after

year, through dividends received from their companies.

How to Select a MUTUAL Company

The safest guide for any property owner seeking *mutual* saving and protection is to confine his consideration to member companies of The Federation of Mutual Fire Insurance Companies. This is a group of 72 companies selected for sound and conservative management—an established record of successful operation. The average age of companies in this group is over fifty years. Write today for a list of these sound organizations that have saved over 125 million dollars for their policyholders in the past ten years. No safer protection is offered anywhere.

This Seal Means Safety



This Seal identifies a member company of The Federation of Mutual Fire Insurance Companies and The American Mutual Alliance. It is a symbol of soundness and stability.

N.B.-AUG.

MUTUAL FIRE INSURANCE An American Institution

WRITE FOR THIS BOOKLET

Federation of Mutual Fire Insurance Companies, 230 North Michigan Ave., Chicago, Ill.

Kindly send me a list of Federation Companies and your booklet explaining how the *mutual* plan cuts fire insurance costs.

Name _____

Street _____

City _____

No Business Can Escape Change

Time nor season nor depression
serve to halt the rushing flow
of new things to market

A new motor-truck refrigerating system utilizes a hydrocarbon distillate first to refrigerate the truck, then to drive it. Amount of refrigeration created is in proportion to the quantity of the fuel consumed by the motor. . . .

A new portable mechanical precooler for refrigerator car and motor-truck shipments operates off present plant refrigerator systems, is said to precool a car in less than five hours. . . .

Water's cooled to 40-50° F., for use in air-conditioning systems or drinking, by a new small, self-contained unit which operates on steam from an ordinary heating boiler. Its only moving parts are two small pumps. . . .

A new large-volume automatic gas water heater utilizes an electric pump rather than gravity to circulate water; hence attaches to any tank no matter how located. It's said to operate without condensation, to heat 500 gallons per hour. . . .

The flash principle is used in a new quick-heating, slow-cooling boiler for oil burners in steam or hot-water systems. It also provides summer domestic water heating if desired. . . .

Recently developed, a small electro-magnetic valve permits remote control of oil, gas, air, refrigerant and water lines. . . .

A self-contained hydroelectric unit, automatic in operation, has been developed for small power sites. Standard capacities range from $\frac{1}{2}$ to 5 kw., in voltages of 32, 125 to 150. . . .

Attic fans which draw air up through the house, exhaust it to the exterior are now offered. They're said to insure air circulation, prevent attic heat leakage to rooms below. . . .

A linoleum-type wall covering is now available in a pattern which simulates antique knotty pine. . . .

A new wired cabinet for storing electrical appliances can be rolled into the dining room, plugged in, and used as a serving table and stand for toaster, percolator, etc. . . .

One sees what one's sipping with a new drinking "straw" made of transparent cellulose. It's made without use of paste or paraffine, is said to be durable, unaffected by alcohol. . . .

Scissors sharpening's simplified by a new device consisting of a fast-cutting stone in a metal holder. Sides of the holder keep blades at the correct angle to the stone. . . .

Another new sharpener, for lawnmower blades, is simply hooked over the cross bar and the blades spun against it. Two minutes' spinning's said to suffice. . . .

Remove the cap of a new automatic pencil and you find a small screw driver instead of the usual rubber eraser. . . .

A new gauze bandage need neither be tied nor taped in place. Wrapped about the injured member it sticks to itself, and only to itself, does not adhere to flesh, hair, wound, is said to be unaffected by water or alcohol. . . .

A new ready-tied bow tie can be untied, retied by the wearer. Bow and neckband are separate; thus the latter can be slid around so that the hook rests at either side or back. . . .

A new, easily cleaned auto floor mat is surfaced with ribs running vertically at front, horizontally at rear. Thus sweeping's always "with the grain"—first down, then out. . . .

"Bleeding," the discoloration of light paints and enamels when applied over certain dyes, stains, asphalt, etc., is said to be permanently prevented by a single coat of a new sealer. . . .



Latest color-matching device to become commercially available, this instrument utilizes a photo-electric cell, shows on its graduated dial any difference of shade between samples, operates from a lamp socket

A versatile new compound, in powder form, mixes with water to form a crack filler, furnace liner, caulk, etc. For use with wood, metal, plaster or cement, it's said to be non-inflammable, nonshrinkable, can be sanded and sawed. . . .

Prints, etchings, drawings, etc., can now be reproduced on ceramic tile without use of engravings or plates. Designs can be enlarged to any size, are permanently fired on the tile. . . .

Felt-covered sheet metal in which felt and metal are joined by an actual metal bond is offered. Felt won't pull loose, it's said, under heat, moisture, distortion, any other condition. . . .

A new self-contained automatic chemical sprinkler unit hangs from the ceiling, lays down a fire-smothering fog when set off by heat. The unit's said to need no servicing or upkeep, the chemical to be harmless to man, furnishings. . . .

Through a new remote-control device, welding current can be regulated simply by tapping the electrode on the work. It involves no extra cables or portable rheostat. . . .

Wrought beryllium copper is used in a new line of non-sparking, non-magnetic tools, said to be almost as durable as steel. . . .

Wide-open hand spaces on all four sides and bottom simplify removal of papers from a new steel desk tray. Corner posts elevate the tray, permit others to be added atop it. . . .

A new synthetic contact insecticide for flowers, vegetables, fruits, shrubs is said to be non-toxic to man, effective against thrips, red spider, midge, certain aphids, other insects, to have a pleasant odor, to leave no visible residue. . . .

A combination gasoline pump and display case is now offered. The pump, above the illuminated case, registers the exact amount and cost of gasoline delivered at each sale. . . .

—PAUL H. HAYWARD

Editor's Note—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Welfare Work for Profit



U. S. DEPARTMENT OF AGRICULTURE

I know we strove in the cause of greater happiness when we campaigned to sell labor-saving devices to the women

I HAVE spent a part of my life working for a public utility in the Southwest serving some 300 communities. Another part of it has been spent in the employ of a welfare organization laboring to feed and clothe and house the needy.

As I look back, I find a great deal to be proud of in both jobs. I find, too, that there were the same irritations in each. Petty politics aren't confined to public office or to public welfare work. You'll find them in private industry. To offset that, I've found a great deal of unselfish devotion in each organization for which I have worked.

But I am sometimes inclined to think that, if I measured my job by the standard of good done to the community, the work with the power company was at least as effective as that done in direct relief.

Both welfare agency and power company give service in the larger and truer sense. Each supplements the other in meeting human needs. My old company went ahead increasing the consumption of electricity, lowering rates, attracting and developing industries, creating employment, educating farmers and

housewives in electrical efficiency, paying heavy taxes, contributing to every good community cause.

So far as I know, there is no arbitrary rule against investment dollars going partners with charity dollars. Certainly between the two quite typical organizations with which I have worked, the affinity is clear. They serve adjoining fields, arrive by different routes at the same objective of a happier, healthier social order.

Seeking new markets

WHEN we set forth 11 years ago to push rural electrification, do you suppose John and Charlie and Hillman and I barred the doors, drew the blinds and went into a huddle to plan how we could get the folks on the farms to sign contracts by trickery, so that we could rush in and grab the spoils?

On the contrary, we called in experts from the state agricultural college. We put maps in their hands. We asked them to help us designate 21 test farms, so we could find out the extent to which electricity would be profitable or unprofitable. These

SEVERAL years ago the author of this article left a power company to engage in welfare work. Knowledge gained in his new connection has given him a better appreciation of the work he did with his old company

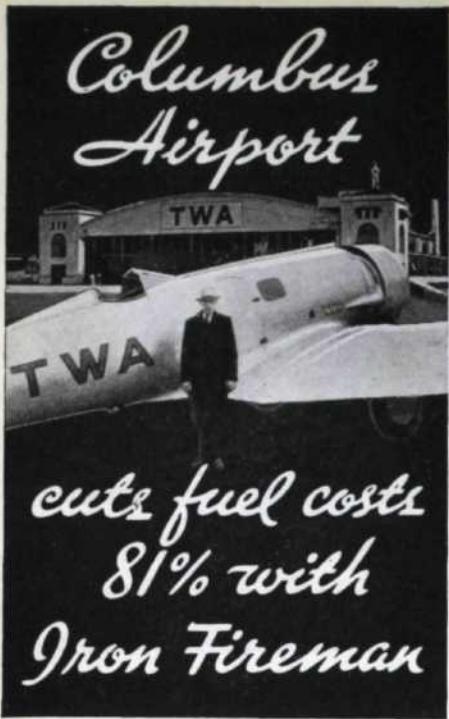
farms classified as general, poultry, truck, dairy, ranching and cotton.

We metered every operation, kept the farm books better than they had ever been kept before, absorbed whatever losses ensued, politely waived the profits. In the course of this pioneering, we uncovered hitherto overlooked opportunities to save money and make money, explored new avenues of production and marketing, sounded out the legitimate uses and the limitations of modern farm equipment. We found farms of certain types, sizes and locations on which central-station current would be impracticable and perhaps ruinous. We published our findings. We wanted farmers everywhere, on or off our lines, to benefit.

In five years the number of our rural customers grew from virtually none to more than 4,000. A professional "family case worker" would aver that innumerable lives were remade, inhibitions overcome, adjustments achieved.

Take the case of Emil Ledbetter and his brother, who had struggled ineffectually and more or less gropingly to past middle life. They and their grown sons toiled early and late. Their wives pursued an endless round of hauling water from the well, washing clothes, carrying stovewood, churning butter. Electricity—thanks to the discernment of our rural service department—was brought to the farm entrance.

It rolled up its sleeves and attacked many tasks: cooking, refrigerating, lighting, pumping, grind-



Columbus Airport

*cuts fuel costs
81% with
Iron Fireman*

...writes John A. Collings

Eastern Division Supt. of T.W.A.



To heat an airplane hangar efficiently and at minimum cost is a tough assignment—but not too tough for an Iron Fireman automatic coal burner. In fact, the job of providing an abundance of warmth at the T.W.A. hangar at Port Columbus, Ohio, and of making savings in heating bills is the sort of work Iron Fireman does for thousands of owners from coast to coast, year in and year out.

Fuel costs with gas at Port Columbus for a seven-month period had been \$4850.45. Then an Iron Fireman was installed. Fuel cost for the next comparable seven-month heating period dropped to \$879.36—a saving of \$3971.09 or 81%.

Not everyone who buys an Iron Fireman can cut fuel costs 81%, but rare indeed is the business, institution or home where Iron Fireman cannot make a good big saving and do a better firing job.

Ask for a free survey of your boiler or furnace room. Iron Fireman is quickly installed in homes and in power and heating plants up to 300 h.p. Easy terms of payment. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere. See the Iron Fireman exhibit at Home Planning Hall, *A Century of Progress*, Chicago.

At top: John A. Collings, Eastern Division Supt. of T.W.A. At right: Iron Fireman installation at T.W.A. hangar, Port Columbus. The Iron Fireman dealer in Columbus is The Sunday Creek Coal Company.



IRON FIREMAN

AUTOMATIC *Self* COAL FIRING
Regulating

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3020 W. 106th Street, Cleveland, Ohio

Send literature
 Make firing survey

Type of plant:
 Commercial Heating
 Power Residential

Name _____
Address _____

When writing please mention *Nation's Business*

ing feed, filling two 350-ton silos. Of course, the process was evolutionary. But today this farming enterprise is up in the big business class.

It is electricity, the output of the insidious Power Trust, that helps to justify the silos. Pencilled notes in my possession give this farm as an outstanding example of what can be done in fattening beef steers for the spring market. The fall before my inspection of this farm 320 head of Hereford steers had been purchased by the Ledbetters at \$11 per hundred pounds. They were fed during October, November, December, January and February, and sold on the Kansas City market early in March. The 320 steers had increased in weight 108,000 pounds, or an average of 337 pounds per steer. They sold for \$13.25 per hundred, netting a gross profit before deduction of expenses of approximately \$18,000.

All of the feed was produced on the farm: 640 tons of sorghum cane silage, 2,500 bushels of ground ear corn with the shuck on it; 72 tons of prairie hay and 110 tons of cotton-seed cake meal received in exchange for cotton seed grown on the farm. The actual cost for feed, at fair market prices, was \$8,450. The Ledbetters found that marketing their produce in hide containers was worth while.

Convenient power

OF COURSE, they could have used some other form of power for grinding the feed and filling the silos, but it happened that electricity, being "right handy" and not too expensive gave them the idea—and from this idea developed other ideas. Today they have three automobiles, a tractor, well painted barn and fences, a home that affords easy, comfortable living. The girls have time for picture shows and parent-teacher meetings, and last summer, I am informed, both families visited Chicago's Century of Progress.

These veterans in farming had within themselves the requisites for success: It merely took the throwing of an electric switch to touch them off.

No form of rural enterprise lends itself more spectacularly to the uses of electricity than dairy farming, unless it be poultry-raising. It is difficult to understand how anything as reputedly wicked as the Power Trust could be mixed up in a business which means strength to the invalid and life itself to millions of rollicking babies.

Here's what I know: Only good cows are deserving of electric conveniences. An electrified dairy, properly managed, means better sanita-

tion, lightened labor, and a fair living for the owner.

Our company's territory, because of its favorable soil and climate, the character and enterprise of its farming population, and a promising nearby market, lent itself admirably to dairy exploitation. Milk routes followed right along behind the rural electric lines.

We persuaded cheese factories and milk condenseries to come hither. This might be reprehensible because it meant that we sold that much more electric current to run their machinery. But it did bring a measure of prosperity to thousands of struggling farmers, and it abolished much of the drudgery of olden days.

Farming by electricity

MANY a dairyman on our lines was able to double his herd without adding to his milking time. Arthur Lake, for instance, did well to milk 20 cows before the coming of electricity. He took on a force of fast-working electrical hired men and found he could milk 55 bossies in an hour and a half.

Sam Galligher was a general farmer living a piece down the road from Lake. Electricity, in his case, made the difference between general farming and small dairying. He has 30 fine Jerseys and a weekly milk check.

I suppose there must have been something dark and treacherous in our foisting electric milk cooling, water pumping and milking machines on all these people, but some way I can't help thinking happily of the backbreaking labor saved, the comforts and conveniences brought to homes, the new outlook opened to families. And then, there's the health, sanitation and nutrition angle to consider.

Female welfarists get all excited about teaching scientific baby-washing to women who have to tote the bath water from the barnyard and heat it over a wood stove in the kitchen. It seems to me that they should pop their stays in a frenzy of joy at mere mention of modern bathrooms, running hot water and other manifestations of the civilization wrought by the electric wand.

I don't know what NRA has since done to poor biddy whose working hours and egg-production we greatly increased by electric lights turned on an hour or two in the morning and another hour or two at night. But I do know we strove in the cause of ease and efficiency when we campaigned to sell time-saving, labor-saving devices to several thousand "Mrs. Stephensons" of town by direct, personalized mail.

Sure, it was a racket. Slick, high-powered advertising. Just the in-

famous sort of thing you might expect from a management intent on earning an interest on its investment.

We went about our task with diabolical cunning (just as the organization I am now with goes about our periodic drives for charity funds). We carefully hand-picked our lists for the housewife with a husband making \$3,000 or better a year; the kind who entertains at bridge luncheons, who is in need of all the leisure she can get for civic and community interests. Quite a typical modern, capable, versatile American woman with a young husband to help make good in the world.

This wholesome young woman became the object of 12 months of thoughtful maneuvering. We sent her artistic booklets with her own name, "Mrs. Frank J. Stephenson" nicely printed on the covers. We wrote her chatty, informative letters that sounded mighty personal, telling her the advantages of electric hair curlers, refrigerators, vacuum cleaners, percolators, toasters. . . .

Skip the melancholy details. In the end we "got" her—got her good—made something of a record unloading appliances on our chosen victim.

Strange to say, our salesmanship was so effective that "Mrs. Stephenson" remained sold, satisfied. Her husband imagined her younger, prettier, more interesting, because she kept physically fresh, rested, with time to read and visit and "keep up" with the swift-moving world.

Welfare work is limited

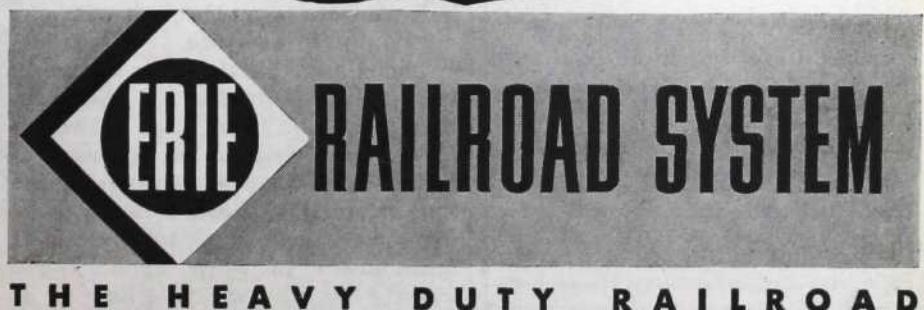
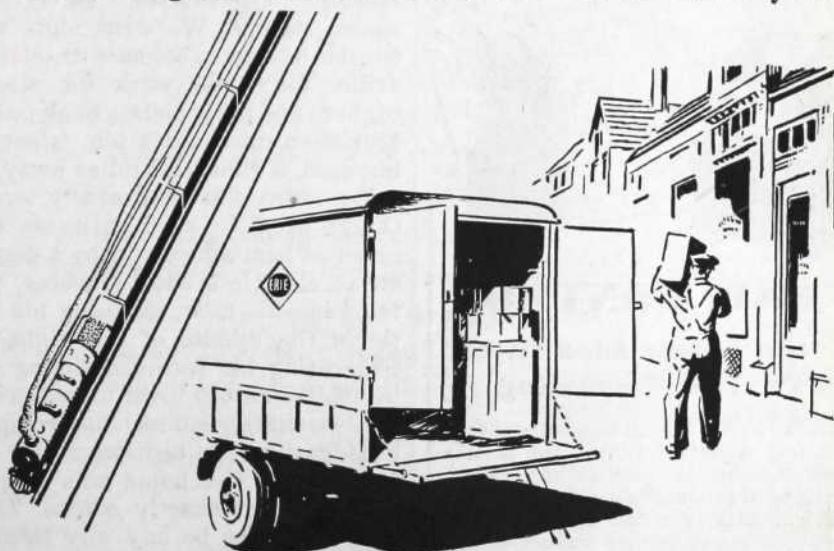
NOW, the usual welfare agency necessarily limits itself to those of us in dire need. It can hardly be concerned with what happens to "Mrs. Stephenson." And yet, what happens to "Mrs. Stephenson" has a mighty lot to do with what happens to the community because she is the younger mother, the department store patron. Often, she is something of a welfare person herself, a chief resource of local social service, a worker—given time—on behalf of the underprivileged.

It seems to me it is mighty lucky that our old power company remained in the good graces of "Mrs. Stephenson" and her crowd, for you know we had to keep right on rubbing elbows, willy or nilly. We couldn't just tuck our franchises, our generators, and our distributing system under our arms and steal away in the night. We had to keep right on neighboring.

We were certainly not a settlement house, but neighboring was one of our principal diversions. I might as well tell you, confidentially, that



● Just a phone call to your Erie freight agent and your responsibility ends and Erie's begins. You don't have to bother about collection or delivery of your less-than-carload shipments. Erie comes to your door—collects the L. C. L. freight—transfers to train for fast rail haul—delivers at destination by truck to your consignee's doorstep at all principal points on the Erie system. ● There is just one charge for this complete door-to-door service—Erie does the whole job—assumes full responsibility throughout. Call the Erie freight agent in your city and learn all the advantages this convenient service can offer you.





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The Cincinnati Time Recorder Co.

Established 1896

1733 Central Ave., Cincinnati, Ohio

Factory Sales and Service Branches in Principal Cities

the big bad wolves of Wall Street, at least in my day, didn't get very far down there in the Southwest. Our stock, preferred and common, was quite alarmingly distributed among manual laborers, teachers, doctors, lawyers, clerks, merchants, housewives and salesmen of the region. We considered good neighboring to be good business. Whatever would raise the living level, boost agricultural and industrial revenues, wipe out poverty spots, provide safety and security, was to the benefit of our customer-capitalists.

We put on a drive for textile mills. We spent a portion of our gains to place our advantages before some of the key men in the East. We financed an inspection trip of executives and technicians.

Encouragement for employees

WE GOT some mills. Not all of them used our power. But strangely, they did all seem to take an interest in their employees—encouraged them to own homes, to maintain gardens, to be human beings rather than automatons. Like the employees of our power company, they were permitted to buy stock, to become part owners, with a voice in the management, a share in the profits, a personal pride beyond their own spoolers, looms and weekly wages.

Our turbines were fueled by coal, gas, oil, lignite. Running top speed, they became big consumers as well as producers. We purchased copper, poles, machinery, adding machines, lumber, typewriters, advertising space, stamps. We went aloft with electric riveters, below with electric drills. We made work for stenographers and filing clerks, bank tellers, brakemen, mechanics ten, twenty, a hundred, a thousand miles away.

We were "in" on nearly everything, even to such intimate concerns as hemming the baby's diapers on an electric sewing machine, pasteurizing his milk, warming his bottle in the middle of the night, refrigerating his formula, taking him by trolley across town to see grandma, washing, ironing his rompers, broadcasting his bedtime story. Our invasion of the home was unquestioned, if not exactly odious. There didn't seem to be any way to avoid it if we were to go through with our mission of full service.

Though we functioned as adrenalin in the heart muscles of the community, we did it with the entire approval and cooperation of our patient. And whenever we found the immediate supply of adrenalin to be insufficient, we had a whole system of storehouses to draw upon. I can readily see why we were able to do

so many things in the way of community doctoring that would have been beyond reason for the small local or municipal plant working by itself.

Enlightened social workers do what they can to foster self-respect and self-reliance. As against outright hand-outs, they much prefer "made" work.

Of course, they didn't originate the idea. I don't know who did. But I do know that years ago, before the need became so desperate as recently, my old company conducted painstaking social-economic surveys along its line. It took note of community resources, set industrial engineers and research men to work. It checked and rechecked its findings. Carefully avoiding ballyhoo, it undertook to build quietly, methodically, soundly, permanently. Came brick kilns, foundries, grain elevators, leather factories, millinery shops, cement plants, hospitals and sanitarians, automobile assembly plants, farm implement factories, a long category—"made" work that stayed "made." As a consequence, sheaves of salary checks and wages went each Saturday into houses, groceries, gasoline, clothing, education, babies, furniture, recreation, insurance.

Constructive planning

MY EYES are those of a welfare worker. They particularly approve intelligent friendliness. I maintain that the sort of thing my old company did was not merely well intentioned but was generally constructive. Even without my power company background, I would count myself blind and ungrateful were I not to praise the vision and efficiency which have saved us that additional depression burden.

My eyes are those of one who occupies an orchestra seat at the theater of life. Before me daily pass the happy, the poor, the needy, the disconsolate, the petulant, the discouraged, the broken, the struggling, the down-and-outers, the once-were's—brave actors and timid ones. If one had no inherent sense of adventure, no imagination, no patience, no abiding faith in mankind, it is hard to see how one could sit through the epilogue—at times so drab, so primitive, but always and eternally so worth while.

There are individuals without these leavening qualities: Dull, smug, myopic sales managers, statisticians, social workers, load dispatchers. They are nearly everywhere.

But it wasn't that kind of person who searched the wilds of India, Africa and South America until he

found in a bamboo forest in Brazil an exact fiber required for the filament of the early incandescent bulb.

Nor was it a timorous spirit that pushed the lights out into a certain crossroads of the Southwest, enabling 'possums to see to eat persimmons at midnight—and heralding the approach of the new era.

There was nothing regressive about the trail-blazing pioneer who put bulbs to blazing on a frontier courthouse square and stamped a herd of longhorns.

Human side of a utility

WHEN I think of the electric industry, I think of loyal souls like Arthur Ollman, vice president, who lost his arm one blizzardy night helping a trouble-chasing crew of linemen.

I think of Mathew Orm, chairman, who adjourned a directors' meeting to place a deserving laborer in a job.

I think of President Elwood Brown, lover of horses and dogs, philanthropic in an unostentatious way, who ingerminates every worthy mustard seed with mountain-building faith.

I think of great laboratories where skilled chemists, physicists, mathematicians and electricians create more comfort and happiness for tomorrow's better world.

I think of the industry's program-planners bent over their maps, charting modes of living that will eliminate much of the misery seen by the relief agencies of today.

I think of a field in which scores, hundreds, thousands of keen-minded young men find useful careers—a field of achievement, adventure, romance, the substantial satisfactions and rewards of life.

And yet—

Our social workers come back from isolated regions, to report that some folks still believe that goat's milk will produce hair, that the way to cure a child of whooping cough is to drop it into a grain hopper at the miller's and that the amulet is still effective against the evil eye.

When my old company first brought electricity to help out the moon and the stars in the cow country, it was suspected that it would cause tornadoes and mess up the weather generally. Ranch men and villagers accordingly viewed its advent with awe and alarm.

We are not entirely rid of the witchcraft and hexing of the Dark Ages. The very person who ridicules the superstition that three drops of blood from a black fowl will cure convulsions may be the one to charge that there's a hobgoblin in every electric transformer box.

Four men were partners



... then there were three



The shock was beyond words. But the surviving partners had also to face a practical problem. What effect would the loss of a key man have on the business?

Fortunately the company had insured the life of this man to partly compensate it for the loss sustained by his death, and to provide funds with which his interest could be retired.

Business Insurance is a stabilizer. Have you considered its application to your company? The Equitable is prepared to advise you on a plan especially adapted to your requirements.

THE EQUITABLE

FAIR - JUST

LIFE ASSURANCE

SECURITY - PEACE OF MIND

SOCIETY

MUTUAL - COOPERATIVE

OF THE U.S.

NATION-WIDE SERVICE



Thomas L. Parkinson, President

Write for booklet, *Underwriting the Human Asset in Business*. Address The Equitable Life Assurance Society of the U.S., 393 Seventh Ave., New York, N.Y.

New Ideas in Selling

Wherein are noted some of the current trends and topics in the field of distribution

Paint by the foot. Experienced paint users think in terms of feet of coverage rather than gallons, in the opinion of one aluminum paint manufacturer. Hence he is seeking to sell his product on that basis and is promoting the idea through a booklet, "Buy It by the Foot," in which latest methods of manufacture and application are also explained.

"Chain" brewing. Parity with big brewers is being sought by a number of little brewers, operating in local territories in the Mid-west, through adoption of a common brand for their products and a cooperative advertising and merchandising plan. Participants in the plan are granted franchises for the use of identical labels, newspaper, radio and other forms of advertising. This advertising is of a character and quality comparable to that used by big brewers. Territory is allotted according to the brewery's capacity; fees to the organizing agency are on a similar basis.

Tin-can trees and paper hats. A fad, says Webster, is a custom or amusement followed for a time with exaggerated zeal. It is often an opportunity for smart merchandising as well, as witness the case of tin-can trees, crocheted crêpe paper hats, and the Dennison Manufacturing Company. The common denominator of this trinity is, of course, crêpe paper—the trees and hats being great consumers, the company a great supplier. Thus it was that Dennison took the tree and hat fads in their infancy, nourished, pampered and petted them until they are now grown to a point where in many communities men of the house must look carefully before they sit, a crochet hook in a half-finished hat being the lesser evil to expect, a hundred-spined tin-can tree the infinitely greater one.

To dealers in such communities as are still immune the company is, of course, eager and willing to send explanations and instructions. Tin-can trees, it seems, are household decorations made of tin coffee cans, slit down opposite the seam, with the sides then cut horizontally into narrow strips around to the seam. The seam thus makes the trunk of the tree, the narrow strips the branches, the bottom the base. The branches are curled and crêpe paper petals affixed to the ends to form flowers. A variety of plants, candlesticks, etc., all utilizing crêpe paper, can be formed similarly, the company is at pains to point out. It is equally cheerful about offering directions for making the crocheted paper hats.

Dennison reports:

"The tree fad has proved a boon for shut-ins and unemployed as a means of making a bit of pin money. Tin-can plants made by these people are being displayed in jewelry stores, grocery stores and other establishments.

"Some bakery route truck drivers are

carrying a sample with them and taking orders for them.

"As to the hats, a great deal of preparatory work was necessary. . . . Every style information channel was thoroughly investigated, and findings were checked and cross-checked until we knew that the styles were right.

"Both fads resulted in tremendous increases in sales of crêpe paper."

Coupons and coins. It is not entirely a desire to be helpful, of course, which prompts an adhesive-tape manufacturer to suggest to advertisers a plan for cutting down the postage stamps and increasing the coins received with coupon returns. Coupons calling for the sending of small sums, he points out, might bear a line of type suggesting that the reader affix coin to coupon with a strip of tape.

Movies move apartments. Movies are being used to help lease apartments by the agents for a New York apartment house. The film shows the swimming pool, the Penthouse Club, the marine deck playground, laundries and workshops, depicts activities of the average tenant family.

The "meter plan." Pros and cons of the "meter plan" of selling refrigerators are currently being argued in retail circles, with a fairly even division of opinion indicated. The plan, a form of installment selling under which purchasers

keep the box operating and achieve eventual ownership by daily dropping coins into a device attached to the box, is being followed to varying extent by dealers in most cities. There are numerous variations, of course. The required daily payment, for instance, ranges from 15 to 50 cents. Carrying charges range from six to eight per cent; some dealers give as high as 36 months in which to complete payments; some require down payments, some don't; some make a charge for use of the meter in addition to the regular carrying charge.

Proponents' chief argument for the plan is that it works and that it has vastly increased sales to those of limited income. Many dealers frankly admit, however, that they use the plan principally to attract potential purchasers into the store and that once there every effort is made to switch prospects to some other installment purchase plan.

Opponents declare that the plan is too costly; that instead of the customer coming to the store to make payments (and perhaps to make new purchases) the store must send a collector to the customer; that meter payments often are irregular during cold weather, thus extending the time for payment beyond the original contract; that when payments run beyond the usual one-year guarantee period the dealer is confronted with servicing problems.

Odd Lots: To 3,000 New York housewives a vacuum cleaner manufacturer recently offered 3,000 free brooms; the moral was obvious. . . . A Great Lakes steamship company attaches business reply cards to its vacation-cruise advertisements in Chicago busses, invites their use in sending for literature. . . . Ready-filled ice cream cones, wrapped in transparent cellulose, are being marketed by a western dairy products company. . . . A recent "baby week" promotion in a Schenectady store's infants' department included free footprinting of children under four, and the giving of the charts to parents for identification purposes.

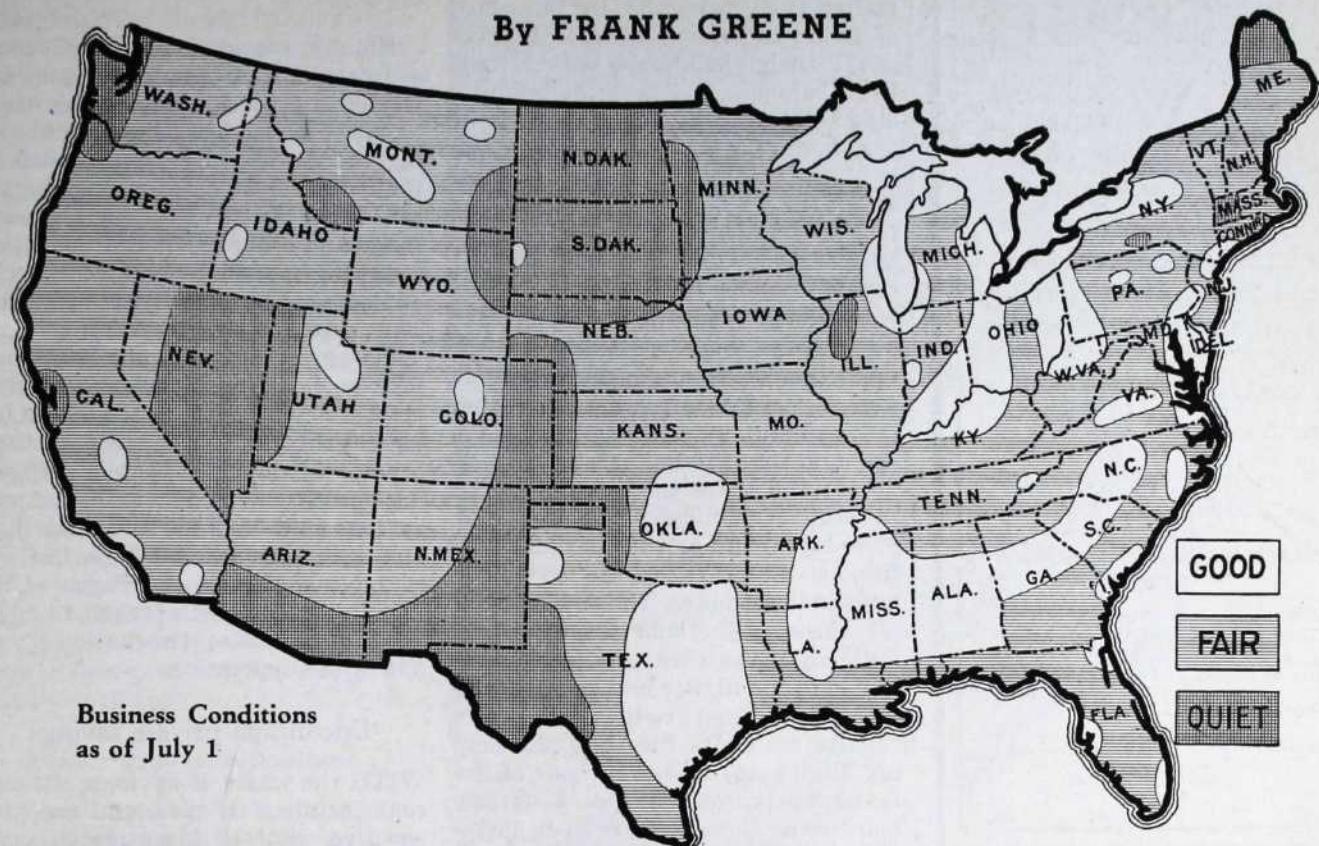
—PAUL H. HAYWARD



A unique department store is rising in Chicago. Windowless (save for glass columns over each door), it will permit ultra-efficient air conditioning, offer greater display space, cut depreciation of goods from dirt, sunlight

The Map of the Nation's Business

By FRANK GREENE



JUNE saw some seasonal quieting in distribution accentuated by hot or dry weather in wide areas. Industry naturally quieted after a heavier than normal spring run. Rains in the Northwest repaired some of the damage done in May to early spring planted grains. As the heat and drouth extended southward, cotton suffered in the western half of the belt while excessive rains affected southeastern states. Early crop estimates indicated that nature might aid the farmer again by reducing excessive supplies of grain and cotton.

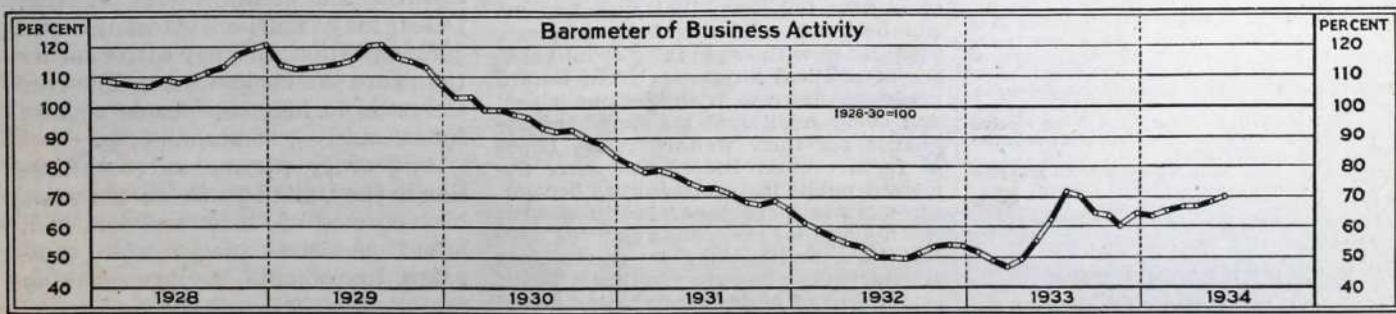
Commodity prices reached a three-year high because of strength of farm products, even though wheat failed to hold all its May advance. Lower price influences were reported visible in enlarged sales and output of autos.

Despite eight successive reductions in steel scrap quotations, manufactured steel held at the year's high levels of output and price until late in the month; then showed a record reduction. Cotton goods production was curtailed in June to avoid overproduction.

Darkening of the Map was mainly in the west where heat and drouth affected crops and live stock. Some lost ground was regained in the Northwest. At Pacific Coast ports strikes retarded foreign trade and curtailed lumber outputs.

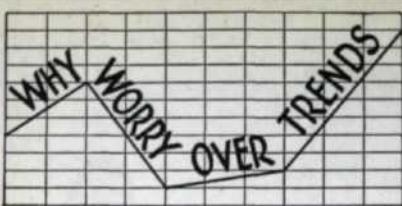


The map of last month



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

The drop in steel output late in June and continued into July naturally does not register fully in the June monthly average of the Barometer of Business Activity. The other barometer measures, except bank clearings, gained.



WATCH the tides of economic change from the safe vantage of an Annuity Income.

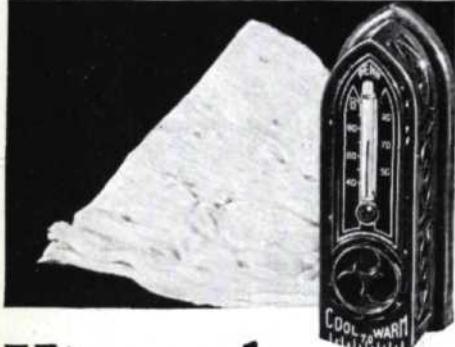
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Relief Is Ruining My Town

(Continued from page 20)
rather than adjusting the standard of living to income, the people have used their substance—first their bank balances and then their liquidable assets.

Fourth, the income of the people is devoured by excessive taxation. The farmers and other owners of real property are hurt most. Evasion of taxes is for them quite impossible; the valuations for taxing purposes were made years ago when price levels were higher; tax rates are jumped to cover emergency relief as well as the losses to the state from tax defaults by others; new taxes are laid on things heretofore untaxed; and there is a wicked lag in the scale of public expenditures after price levels and private incomes fall. Besides direct taxes the consumer pays indirect taxes. Those who, after all these deductions from income, still enjoy the rare privilege of incomes in the higher brackets find the income tax rates graduated to extortionate scale. By the time all these taxes are paid, the net revenue of the taxpayer is dwarfed to a narrow margin, or to zero, or even to negative scale.

It is, of course, folly to rail at taxation, for the cause of taxation is government expenditures for services which the people are supposed to demand. The pressure for higher taxation is the analog of riotous government spending and of the drift toward dependence upon the State for more and more. The process was well stated several generations ago by Herbert Spencer in his "Man Versus the State":

These various influences working from above downwards meet with an increasing response of expectations and solicitations proceeding from below upwards. The hard-worked and overburdened who form the great majority, and still more the incapables perpetually helped who are ever led to look for more help, are ready supporters of schemes which promise them this or the other benefit by state-agency, and ready believers of those who tell them that such benefits can be given, and ought to be given. They listen with eager faith to all builders of political air-castles from Oxford graduates down to Irish irreconcilables; and every additional tax-supported appliance for their welfare raises hopes of further ones. Indeed the more numerous public instrumentalities become, the more is there generated in citizens the notion that everything is to be done for them, and nothing by them. Each generation is made less familiar with the attainment of desired ends by individual actions or private combinations, and more familiar with the attainment of them by governmental agencies; until, eventually, governmental agencies come

to be thought of as the only available agencies.

Finally, recent and current events are causing our people to doubt the wisdom of thrift and leading them to save less and less. The normal savings of the wealthy are curtailed by their smaller incomes and by higher tax rates in the higher brackets. Wage and other incomes are smaller, requiring more intense incentives to overcome the propensity to spend all. The losses of savings through poor loans or investment, misplaced confidence, bank or insurance failures, embezzlement or theft, have been unusually large. The saver now faces a potential inflation that is staggering and threatens his residue of past savings as well as his future savings, and this prospect weakens his will to save. Moreover, the vogue of the Administration is to preach the doctrine of *spending* the nation's way out of the depression.

Encourage private savings

WITH the waste of savings, the current inability to save, and the prospective want of incentive to save, our nation faces a stern reality. If private saving declines, state saving must increase, or our scale and type of industry, as well as our standard of living, must collapse, for capital rests on saving. The amount of dependence upon the state for a living and for security against old age, unemployment, sickness and other ills of life is growing at a terrifying pace. It is this sort of situation that promotes the trend to state Socialism and Communism. Not all Americans want such an issue of events; they do not want an all-embracing paternalism. The best way, if not the only way, to quench this drift is to make it as easy as possible for the people to save, easy for them to reacquire a savings fund and property in land, buildings and securities upon which they may rely for security against the contingencies of life. Doles may ameliorate wants and quiet agitation, but they foster rather than cure the basic disease. The true means is to help the people acquire for themselves some property.

And every person and organization in the United States should voice his approval of thrift and join in a broad persistent nation-wide campaign to promote savings, making saving automatic and the conversion of savings into insurance and annuities easy and safe beyond all question.

Theories and Facts About Labor Relations

(Continued from page 26)

of any labor leader and without dictation by labor organizations. The employer ought to be free to engage in competition so long as he uses no unfair trade practices. If he is controlled by law in the wages he should pay and by codes in the price at which he sells his goods, there is practically no reward for foresight.

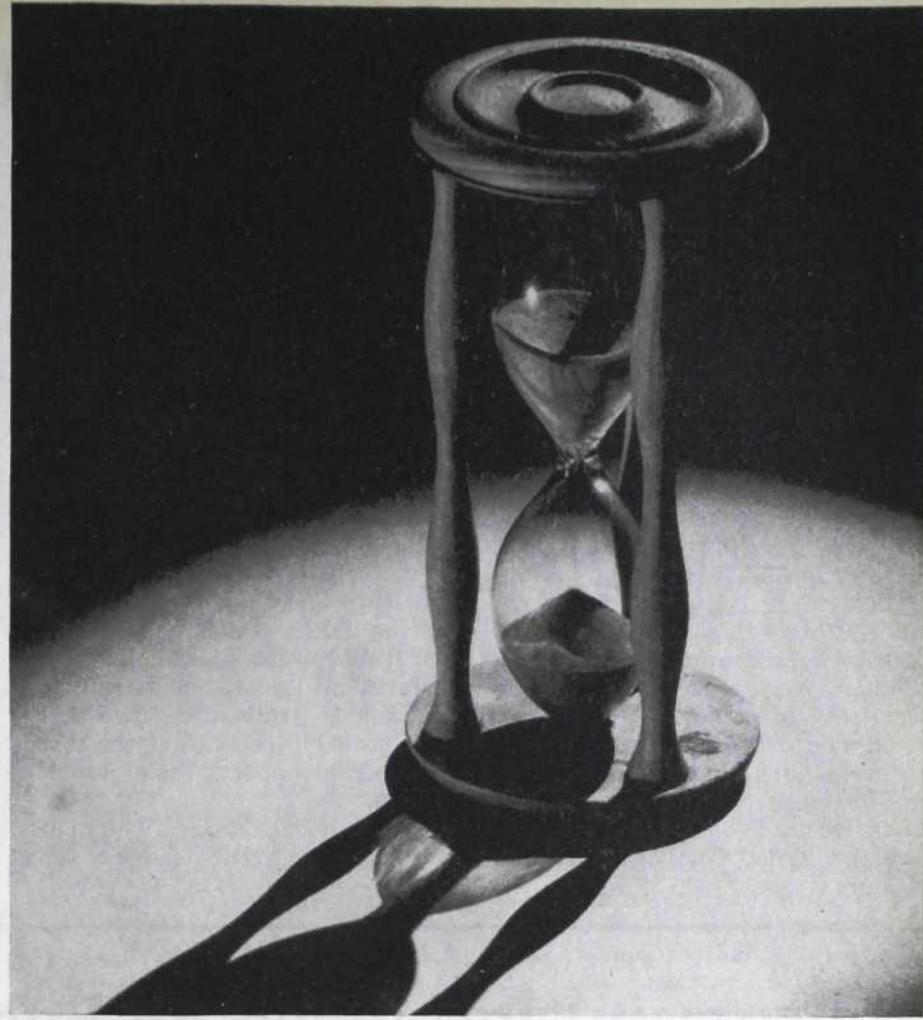
Our country has developed its business and natural resources to the place where our people enjoy more comfort and luxuries than any other in the world. This has been accomplished in a period when individual initiative, effort and foresight earn individual rewards. Some of our largest industries are founded upon ideas which seemed visionary in the beginning but which developed into useful production. Many of them would not have been able to meet the requirements of any code if such had existed in their trade at the beginning of their development.

Politics can't run business

IT IS unreasonable to suppose that any group of men garnered from any political party can have the wisdom and foresight to regulate all business and industry more intelligently and successfully than the men who have grown up with the business and who have some degree of personal profit and pride at stake in making it successful.

For the past year or more there has been a vigorous presentation of our national picture from a single viewpoint. It seems to me to be time that those of us who view some of our national policies from a different angle should go frankly, earnestly and vigorously on record without thought of being "cracked down" upon. Let us not be too quick to discard the principles upon which American business has prospered.

The United States of America, and their democratic institutions, have endured only because of a spirit of personal patriotism that minimized self-interest; a spirit that always has been unalterably opposed to any condition that would permit regimentation by the drillmaster or the bureaucrat. This moment calls for the reawakening and the fullest expression of that spirit. There may be much in the New Deal that will be beneficial and permanent but if there is it will stand careful study and the test of time. Let us not be too ready to turn over our business heritage to the drillmaster or the bureaucrat.



Galloway

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OVER a million people are protected by the insurance policies and the fidelity and surety bonds now in force with the Standard Accident Insurance Company of Detroit. • This soundly financed, time-tested organization — one of America's pioneer casualty and bonding companies — is now observing its 50th Anniversary. Since 1884, it has been providing its policyholders with dependable stock company insurance . . . settling fair claims with speed and satisfaction. 135 millions of dollars have been paid on behalf of assureds. • When you need casualty insurance or bonding protection, tell your agent or broker to place your insurance with the Standard of Detroit.

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Manufacturers and Property Owners, and all types of Fidelity and Surety Bonds. A national organization of agents, inspectors, safety engineers and claim adjusters insures prompt, satisfactory attention.



**STANDARD ACCIDENT
INSURANCE COMPANY
of Detroit**

Spending \$13,500 a Minute

(Continued from page 28)

President Roosevelt frankly counted on an increase in business to swell the flood of taxes into the Treasury. His estimate of \$3,260,000,000 in revenues meant that the tax collections had to increase by \$1,190,000,000 over the collections in the previous fiscal year.

To lay the foundation for such a sharp increase in tax collections, the President estimated that business, as measured by the Federal Reserve Board's index of industrial production, would have to recover to 81 per cent of "normal." "Normal" meant the 1923-25 average.

In the preceding fiscal year, the Reserve Board's production index had averaged only 67 per cent of normal. President Roosevelt, in other words, was counting on a 21 per cent improvement in business over the preceding year. A good many economists, led by Leonard Ayres of the Cleveland Trust Company, thought

that the President was overshooting his mark.

Now at the end of the fiscal year, the average of the Federal Reserve Board index for the 12 months ended June 30 turns out to be 83 per cent of normal, two points better than the President expected. Yet tax collections are actually \$154,000,000 lower than he estimated.

The answer to this riddle is to be found in two places. First, the income tax in the 1933-34 fiscal year was collected on incomes earned in 1932 and 1933. Business recovery in the last six months of 1933 could have little effect on these incomes, and the taxes which they yielded were frankly disappointing. Second, the tariff on liquor, counted on for \$89,000,000, collapsed miserably when, probably because of the tariff itself, liquor imports failed to materialize.

But the excise taxes, which are collected on current business, and

are listed in the tables as "other internal revenue," amply justify the President's prediction of increased taxes. Keeping pace with the advance in business production, they actually yielded \$75,000,000 more for the year than the President had estimated.

If a little more tinkering can put the leaky income tax back on its feet and if post-repeal liquor business improves, therefore, the President's estimates will be justified. As it is, he made an error of only \$154,000,000 on a total of \$3,260,000,000. He was better than 95 per cent right on the revenue side of his budget.

Any human being who watches his bank book can tell you what is happening to a business or a Government that spends \$13,500 every minute and takes in only \$5,900. It is running into debt.

That is exactly what has been happening to the United States Government, of course. It has been operating with a deficit for four suc-

A "Powerful Influence" on Business Rests



UNDERWOOD & UNDERWOOD

Laughing, singing, cheering and waving their hats, Congressmen say good-bye to the Capitol. This photo was taken shortly after midnight soon after the gavel had fallen

THE last regular session of the 73rd Congress pours out of the Capitol. It poured out appropriations, and it poured out regulation. It is fair to say that no session of Congress, not even the war sessions, ever exercised a more powerful influence on American life. It lent and spent perhaps seven billion dollars.

It strengthened the hold of the Federal Government over the business of the country by setting up a commission to regulate the stock exchanges and another to regulate the telephone, telegraph and radio.

It helped business a little by modifying the Federal Securities Act so as to permit a little freer flow of capital into industry.

It sent the Federal Government over into the banking business by a two billion dollar housing bill and by providing for government loans to small industries.

On labor it was cautious. The Wagner Bill which would have aided the American Federation of Labor, the 30-hour bill and the unemployment insurance bill all died by the wayside and will have to be fought over again next winter. The labor bill that was passed is temporary and a concession to the President's desire for some action.

It passed the railroad pension bill which is causing railroad executives hours of anxiety as to the ultimate cost.

It passed the Frazier-Lemke bill which will suspend foreclosures on farm mortgages and which is worrying the life insurance companies in the Central and Northwest as the railroad pension bill is bothering the railroads.

cessive fiscal years and, during those four years, it has run up new debts of \$11,000,000,000. These new depression debts added to those already contracted left the Federal Government owing \$27,000,000,000 at the close of the fiscal year.

To express all these giddy figures another way, the Government has not been able to meet its expenses out of its income for four years. Like any other person or business it has had to borrow the money which it needed and which it could not collect in taxes.

In four years it has borrowed through the banks \$11,000,000,000 giving the people for their savings its I.O.U. in the form of bonds, notes, certificates, or bills.

Before the Government was forced to borrow this additional \$11,000,000,000 it was already in debt \$16,000,000,000, so that it now owes a grand total of \$27,000,000,000. Even at the peak of the war expenditures the Government was only about \$26,600,000,000 in debt. It has now mortgaged its future more heavily than ever before.

In addition to the direct Treasury obligations which are outstanding there are now in the hands of the public a billion dollars' worth of Home Owners' Loan Corporation bonds and Farm Credit Administration bonds which the Government has guaranteed 100 per cent just as a business man guarantees another's note when he endorses it. The total of the Government's direct and underwritten debt, therefore, is about \$28,000,000,000.

Loans almost perpetual

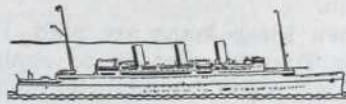
GOVERNMENT debts have a way of growing because Governments have a way of never paying back all they borrow. Part of the \$27,000,000,000 which the Federal Government now owes was borrowed to finance the Federal armies in the Civil War. Despite the huge sum which the Government now owes, it has no difficulty in disposing of its loans through the banks. The Treasury is paying the lowest interest rates in its history. For every dollar it tries to borrow it is offered from three to eight dollars.

What would happen if these loans were offered direct to depositors causes comment in Washington and pervades certain quarters.

Perhaps the country shares in part the optimism which certain people have about the Government debt. Prof. Rexford Guy Tugwell, the Undersecretary of Agriculture, has explained how all of this recovery debt can be dissolved in a few years.

Professor Tugwell points out the

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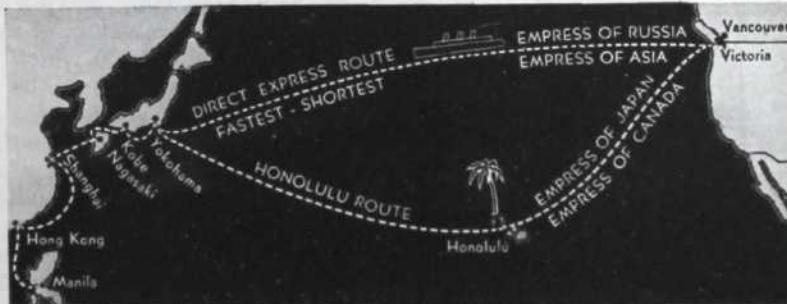


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obvious fact that much of the money listed as spent by the Government has not been spent but lent. Perhaps \$2,000,000,000 out of the \$7,100,000,000 "spent" last year was actually lent. President Roosevelt has estimated that the book value of the Government's loans amounts to between 5 1/2 and 6 billion dollars. Most of the loans have been made by the RFC and the Public Works Administration.

When these loans are paid, Professor Tugwell goes on to explain, the Government can immediately pay back the money which it borrowed to make the loans. Thus the debt of the Federal Government, through the repayment of loans alone, might be cut from \$27,000,000,000 to about \$21,000,000,000. The rest of the debt retirement, Professor Tugwell says, can easily come out of the increased tax yield incident to recovery.

On the basis of past experience it would be safe to predict that the debts contracted during the depression will not dissolve but, in part at least, will still confront our children and our children's children even as the Civil War debt confronts us. And we have already seen from the balance sheets how costly is the privilege of being in debt.

More spending and more debts

IN any event the fiscal year which began July 1 will bring no debt repayments. There will be more spending and more debts.

In the first place there is \$3,400,000,000 which President Roosevelt earmarked for spending in the old fiscal year and which, due to the lag in spending, was not disbursed. This sum can now be spent in the new year. In addition, Congress appropriated about \$8,000,000,000 for the fiscal year which runs from July 1, 1934, to June 30, 1935. The grand total, therefore, is \$11,400,000,000 which can be spent during the current year.

Against these expenditures President Roosevelt expects a Federal income of \$3,975,000,000, leaving a deficit, the fifth in succession, of approximately \$7,425,000,000. Such a budget, if carried out, would be a record-breaker with a vengeance.

Once more the question is: Can the Government spend that fast? Can business pick up enough to provide another increase in revenue?

But a larger question looms: Can the Government stop these expenditures in a democracy where the electorate will insist not only upon no cessation, but also upon more? Can normal business activity resume with this levy upon the savings of the people (capital), which savings

hitherto have gone into creative enterprise, creating continuous employment? Or, will there be a repudiation of government obligations through the devious methods of inflation?

Some day the budget will have to be balanced and the long string of deficits and debts stopped. Any other course, if persisted in, would end in bankruptcy for the Government just as a string of debts would force an individual to the wall.

President Roosevelt at first proposed that the budget be brought back into balance for the 1936 fiscal year which begins July 1, 1935. Since then, however, he has amended it by admitting that relief costs may force a continuance of an unbalanced budget after that date.

Can the Government get over the habit of spending upwards of \$7,000,000,000 a year? When he launched the heavy spending, President Roosevelt set up a system of accounting which, the Administration felt, clearly blazed the way to eventual retrenchment.

Expenditures have been divided into two categories, emergency and ordinary. In theory all of the emergency expenditures are to cease with the end of the emergency. The budget would then be balanced on the basis of its ordinary expenditures alone. In passing it should be noted that the "ordinary" budget is already in balance. The Government's ordinary expenditures in the past fiscal year were \$3,100,000,000 and its income \$3,116,000,000.

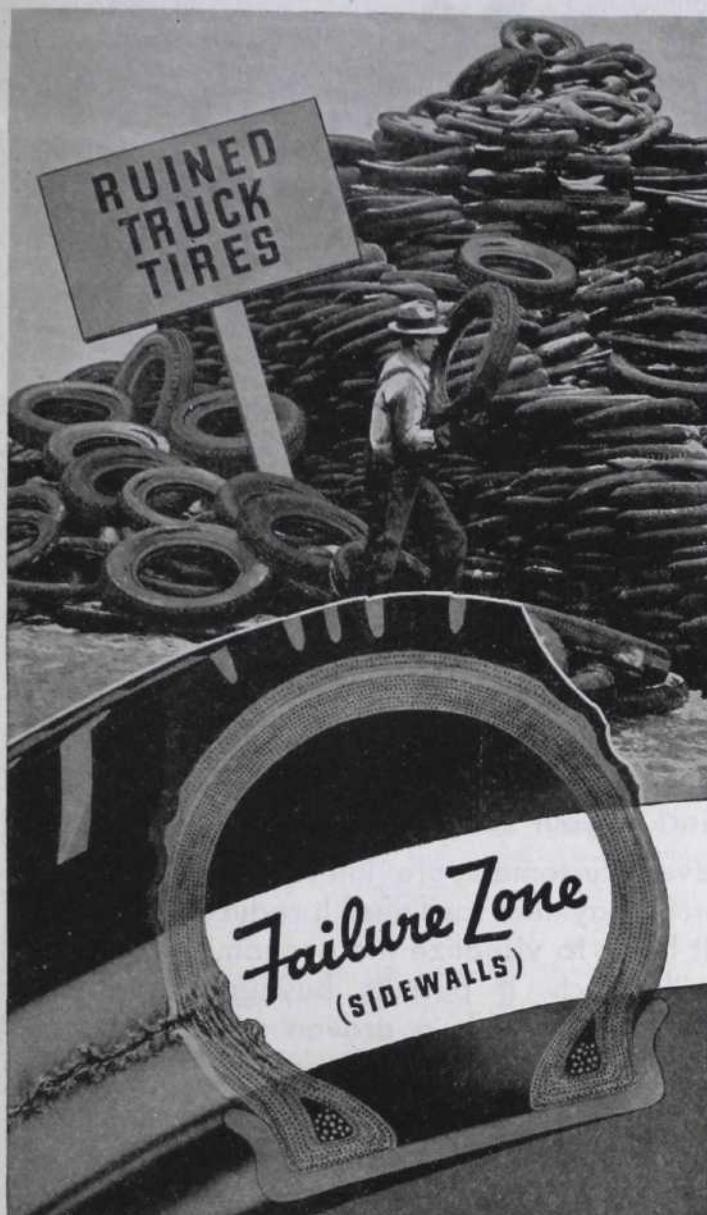
Therefore, if the New Deal can successfully shear away all its emergency expenditures at the end of the emergency without adding to the ordinary expenditures, the budget will be in balance over night. Nobody expects this to happen.

It is an open secret that many of the "emergency" expenditures are really ordinary running expenditures which have been transferred into a separate account. Operations of the Bureau of Standards and of the Departments of Agriculture, Interior and Commerce are being paid for in part out of emergency funds.

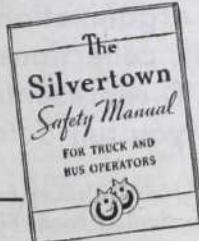
When these expenses are transferred back into the ordinary budget, it will be thrown out of balance. To bring the budget into balance will mean new taxes of a kind and a degree not now predictable.

To answer its budget questions and particularly its tax problems of the future the Treasury has hired for the summer the "Freshman Team" of brain trustees. Fifteen professors and scholars are going over the federal tax system with a view to recommending improvements—and extensions. Their work is just getting under way.

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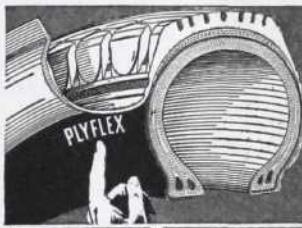
Thirty-eight dollars for a blow-out! That hasn't been an unusual price for many truck owners to pay. Lots of truck tires go to pieces long before the tread is worn. That makes tires mighty expensive. Blow-outs, too. Added up, the "Failure Zone" costs truck owners millions of dollars a year. Let's not beat about the bush. Goodrich knows that the sidewall has been the weakest point in all truck tires. And Goodrich is telling the whole world. It's the sidewall where most unnecessary tire failures start! That's why Goodrich builds Triple Protection into every Silvertown sidewall. A positive check against 80% of premature truck tire failures!

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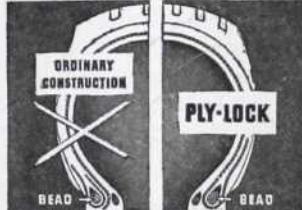
Why take chances when you can secure a tire that has always had a reputation for delivering more miles, for being the safest tire—and now has Triple Protection against sidewall failures thrown in free?

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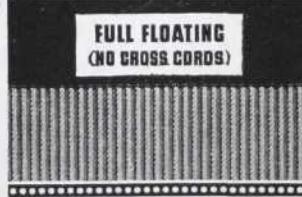
1 **PLYFLEX**—Plyflex is a new tough, sturdy rubber material. Every Silvertown truck tire has a layer of Plyflex protecting the sidewall. It bears the brunt of the strains caused by the tire flexing several hundred times a minute. It distributes the stresses throughout the carcass. It prevents local weakness.



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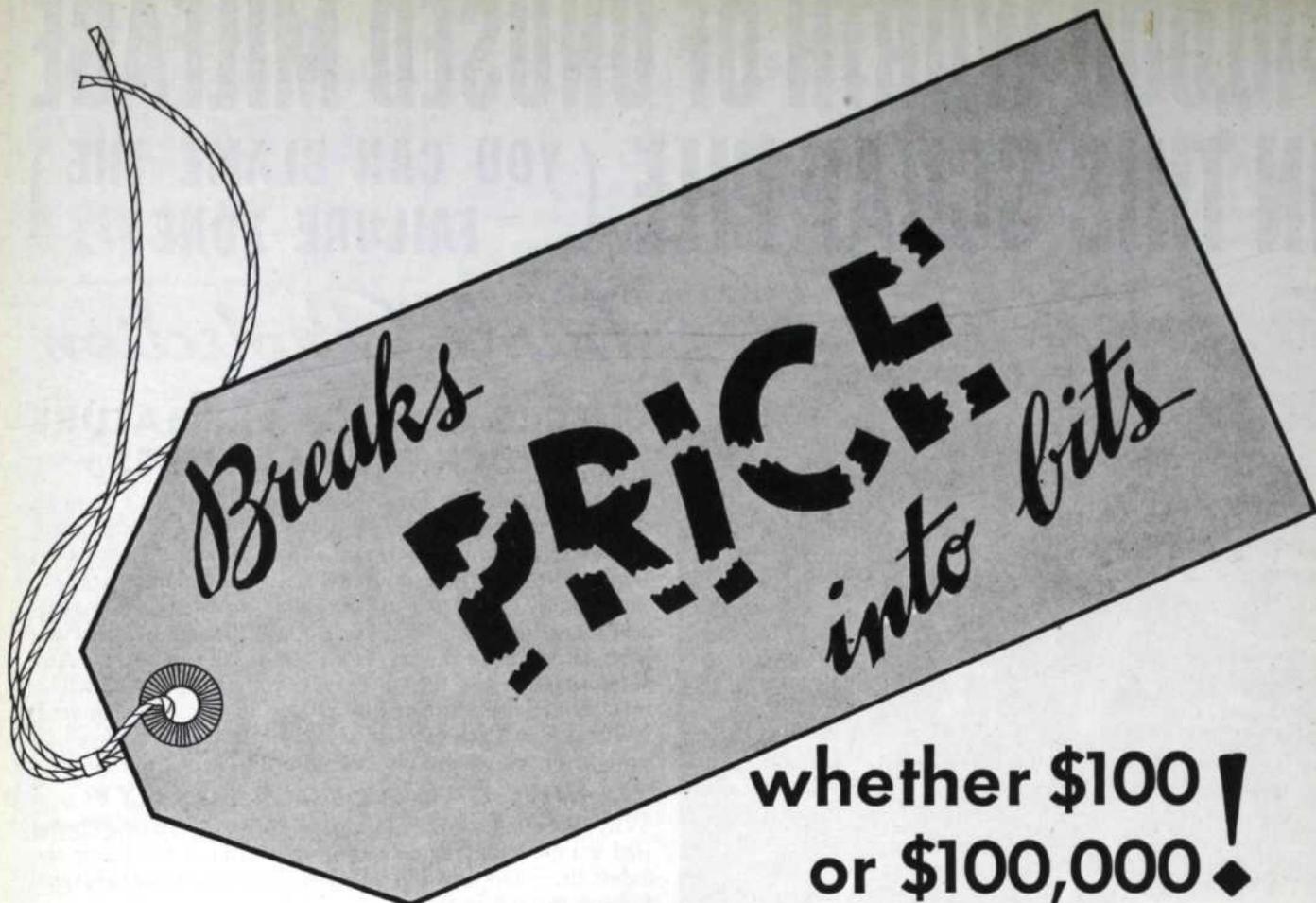


3 **FULL-FLOATING CORD**—100% Floated-in-rubber cord fabric is used in the new Silvertowns. Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other they rub—get hot—break. In Silvertowns there are no cross cords. No friction. Fabric wears longer.



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What Bankers and Investors Discuss

LAWs never yet made a poor business man into a good one. No amount of legislated restriction can take the place of intelligence, caution and common sense. Nowhere is that plainer than in the banking business.

A midwest visitor brought into the office, the other day, new proof of that obvious truth. Said he:

"I'm not a banker. I'm a manufacturer. But it happens that I'm a director of a fair sized bank. A good part of our business has been in real estate loans. Now most men think that such loans are responsible for much, if not most, of the banking troubles of the past few years. I don't doubt real estate loans have hastened the downfall of many banks. But I don't think it's the inherent evil of real estate loans; it's the judgment or lack of judgment of the lenders.

"Our bank never was in trouble. It has been obliged to write off some losses, to make some compromises and concessions to borrowers, but practically all our loans are sound.

"There's another bank in our neighborhood which does a similar business but smaller. We were asked to take it over and we did. Out of its 2 or 3 millions of real estate loans not one quarter are what I should call really first rate. But what is to the point is that a very large part of its loans were loans that we had refused to make.

"I don't think either of the two banks broke any law. But one bank had been more sensible, more cautious, less eager for profits. It's good men that make good banks, not laws."

Lack of English bank laws

THE experience of Great Britain is an interesting example of this point. For some years past we have been told how superior the British banking system must be since there were no bank failures. We have had held up to us the beauties and virtues of the British method of a few large banks with many branches.

Many of us have come to believe that there must be some sort of a superior banking act in Great Britain, that if we could only model the laws of our 48 states and our Federal Government upon Great Britain's, everything would be all right.

As a matter of fact, the British banks are practically unregulated.

Here's evidence in a quotation from "Foreign Banking Systems" by H. Parker Willis and B. H. Beckhart:

With regard to the legal regulation of British banking there is little to be said. Apart from the prohibition of note issue by banks in England, and the stipulations as to annual returns (reports) . . . the banks of the United Kingdom are not subject to any special legal provisions.

Dr. M. Nadler in his study of British banking methods says much the same thing:

The Joint Stock Banks are operated as individual companies and are not regulated by law. They were incorporated under the Acts of Parliament governing the formation and conduct of companies in general. However, they operate under a code of tradition developed over a period of more than 100 years. Government supervision of banking in England is unknown. The investment of bank assets and the amount of balances maintained with the Bank of England are not prescribed by law but by tradition.

Nor is the Bank of England itself bound by a tangle of legislative restrictions. Here are two excerpts from the Macmillan report prepared for consideration in remodeling Canada's banking laws:

The Bank of England is almost unique as a central bank in that it is a private institution practically independent of any form of legal control. . . . Its foundation in 1694 arose out of the difficulties of the Government of the day in securing subscriptions to State loans. Its primary purpose was to raise and lend money to the State and in consideration of this service it received under its Charter and the various Acts of Parliament, certain privileges of issuing bank notes. . . . Apart from statutory provisions regulating the publication of a weekly account . . . the Bank is practically free to do whatever it likes with one exception. . . . The restrictions so far as there are restrictions, under which the Bank works in its operations, are restrictions which the Bank has imposed upon itself and which, of course, it has the right to alter. . . .

Apart from certain small issues, the Bank of England is the sole note issuing authority of the country, subject to the legal requirements that notes in excess of £260 millions require to be covered pound for pound by gold. Against the fiduciary issue the Bank is required to hold securities to an amount sufficient in value to cover it. These securities may include silver coin to an amount not exceeding £5½ millions, apart from this, they are interest-bearing securities. . . . The Act of 1928, although it greatly enlarged the amount of the Bank of England's fiduciary issue, and imported a measure of elasticity into the issue through the power conferred on the Treasury to authorize a temporary increase in the fiduciary issue, confirmed

as a normal arrangement the essential provision of the Act of 1844 by which variations in the amount of the note issue depend upon the stock of gold held by the Bank, the amount being increased or decreased as gold flows in or flows out.

Closed before the moratorium

THE Economic Policy Commission of the American Banking Association in a recent report gives a graphic picture of what has been happening to American banking. Not all of the dramatic change dates from the banking holiday that followed President Roosevelt's induction into office. It was in 1921 that American banking reached its peak, so far as numbers went. There were then six banks for every 20,000 persons in the United States, or about 30,800 banks. Then banks began to suspend until by the beginning of 1933 there were only 3 banks to each 20,000 or some 18,500 banks in all.

The holiday shut them all. Around 14,500 reopened in a short time and today we have probably 15,000 banks with deposits of about 45 billions. In short, ordinary economic forces got rid of more than 12,000 banks in a dozen years, while the emergency closing added another 3500 to the list of closed banks.

Affiliates of U. S. Treasury

THAT we had too many banks in 1921 is not to be doubted. That we have enough, perhaps too many, even today is perhaps true. But the situation today can not be compared with any pre-depression period. More than 40 per cent of our banks, through the sale of preferred stock or of capital stock are in some sort of bondage to the Government. In addition several thousand banks have borrowed from the RFC by pledging substantial amounts of their assets.

Subsidiaries of U. S. Treasury

WHILE the Government has increased its powers over banks by loans, and by purchase of preferred stock and capital notes, it has steadily extended its own banking operations. The report of this economic commission thus summed up the situation:

The facts we have been able to gather indicate that all told there appear to be about 5,800 loaning associations and cor-

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Washington, D. C.
H. P. SOMERVILLE, Managing Director

porations of this type [government agencies], and that their aggregate authorized capital from government sources is about \$1,500,000,000. Official statements enumerate borrowers from them aggregating about 1,000,000 persons and institutions. The amount of loans they are reported to have made is in excess of \$3,000,000,000. Various of these agencies are empowered to issue government guaranteed bonds to an indicated total of over \$5,000,000,000.

In addition the Reconstruction Finance Corporation had direct loans out-

standing to various classes of corporate interests of about \$700,000,000. With capital of \$500,000,000 it was empowered to issue obligations aggregating more than five billion dollars.

And the end is not yet in sight. The housing bill puts the Government further into banking by the guarantee of 20 per cent of losses on renovation and modernization loans and by the provisions for mutual mortgage insurance on homes.

Unemployment—Government Job

(Continued from page 18)

the normal means of increasing purchasing power is by an increase in bank borrowing. Available credit has been multiplied by governmental policy. But there must also be a willingness to borrow on the part of productive borrowers. Here the Government's policies have generated a wide-spread distrust as to the permanence of our system.

Safety as well as volume of credit-money is essentially important. Safety—with no danger of subsequent deflation—would seem to be assured if we confine credit expansion to the financing of current operations of production and distribution, leaving capital expansion dependent on savings alone.

Business discipline

IF business itself is to serve the social purposes outlined here and serve its own interests in so doing, it must discipline itself or submit to being disciplined in several particulars.

It must be willing to outlaw those forms of competition which are in the long run socially destructive, even though immediately profitable.

It must not be shortsighted in its distribution of the returns from an expanding industry, but must give due shares to labor, to the consumer, to management and to capital.

It must be content with business profits, and not make its principal interest the search for illusory and unsocial speculative gains.

It must not seek to protect itself unduly, but must accept such a degree of competitive freedom as will insure the orderly and continuous application of improved processes to lowering prices for the general good. Some measure of uncertainty, some percentage of mortality, is the price of social advance. But, while business retains its dangers, the worker must be safeguarded.

It must cheerfully accept proper taxation for socially desirable purposes, and be willing in other ways to submit to that minimum of gov-

ernment control which the general interest requires. Finally, business must develop a realistic social philosophy. Its purposes must be crystal clear, its policies useful.

It cannot be denied that, at this time, profit itself is under suspicion. One reason is that the immense profits of the 1928-29 period were not earned from business but were derived from speculative inflation. They were, indeed, not profits at all, being mere borrowings on the future, based on bank indebtedness which had to be made good later, not usually by the original borrower, and in the payment of that indebtedness purchasing power was disastrously extinguished.

Proper profit must be actively encouraged—not merely tolerated. The revival of the sick industries, the re-employment of the unemployed, depend on the reappearance of generous profits. Only so can those unfortunate workers who are dependent on the capital and durable goods industries, on the luxury and service occupations, hope to regain a foothold in our industrial society.

There are three ways and three only in which profits can disappear from circulation; by hoarding in the form of currency; by expatriation through unrepayable foreign loans or otherwise; or by extinguishment in the banking system when bank loans are being paid off faster than new ones are being made. We have been through all of these disasters in the past four years. These conditions were the disaster itself. The danger of renewing the first two is remote. The third becomes inevitable only after a period of inflation, and that we must beware of entering upon.

Profit is safe, and profit is necessary. We are so organized that, if we guard the three channels by which it may escape, it cannot fail to flow through the whole industrial structure and support in growing comfort the multitudes dependent on it. In so doing it will inevitably tend to a broader distribution that is on a higher level—a distribution of

plenty, not of need—and it will reach every useful member of our industrial society.

Profit is necessary for the social program. If encouraged, it can grow beyond any previous experience, and these more widely distributed returns can easily support the taxation needed for such a radical development as we have been discussing, and for others left undiscussed, such as old age pensions. If the hope of profit is destroyed, or if real profits are not allowed to exceed our best previous performance, such programs are nothing but empty words.

For the sake of the common man, business and politics must come into new relations with each other. This is the conclusion of our study of the unemployment problem.

Business needs politics. For, in the end, politics rules. The controlling forces are not industrial, or financial, but social; and with these social forces it is the politician's task to deal. Politics rules—but its rules may as easily spell disaster as progress.

Business is necessary

POLITICS and politicians need the help of constructive and productive business because Government is a clumsy and hopeless instrument for the production and distribution of material goods and service. It is business that provides goods and distributes them through employment. Without the profitable operation of business there is not the faint shadow of a chance that the populations on whose support the politician depends will be content with the leaders whom they have chosen and, lacking that, there is for the politician no alternative save desperate leadership in the descending spiral of social destruction.

This essential alliance must be an open one. Its ends, while personally profitable, must be of such evident social worth that business can bring its support to a candidate, to a policy or to a party, without concealment and without shame.

We have at hand the materials for a real New Era. We have a political leader of consummate skill, devoted to the task of a fruitful social reconstruction. We have an industrial organization, for the moment purged of the poison of financial folly, provided with the tools, the skill and the experience for building up the material well-being of society, and by no means deaf to the promptings of the social conscience.

In the past this organization has built up general standards of living unknown in any other time. This progress need not and must not end.

Guaranty Trust Company of New York

MAIN OFFICE
140 Broadway

LONDON PARIS

FIFTH AVE. OFFICE
Fifth Ave. at 44th St.

BRUSSELS LIVERPOOL

MADISON AVE. OFFICE
Madison Ave. at 60th St.

HAVRE ANTWERP

Condensed Statement, June 30, 1934

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers	\$ 240,360,145.29
Bullion in Foreign Branches	8,164,481.00
U. S. Government Securities	456,980,759.15
Notes of Reconstruction Finance Corpora- tion	20,000,000.00
Public Securities	85,337,942.74
Stock of the Federal Reserve Bank	8,400,000.00
Other Securities	21,500,432.57
Loans and Bills Purchased	635,002,053.98
Real Estate Bonds and Mortgages	2,315,818.54
Items in Transit with Foreign Branches . .	1,862,844.25
Credits Granted on Acceptances	30,526,647.91
Bank Buildings	13,945,482.92
Other Real Estate	97,954.67
Accrued Interest and Accounts Receivable	14,726,879.57
	<hr/>
	\$1,539,221,442.59

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	7,466,151.53
	\$ 267,466,151.53
Capital Note (Payable on or before July 31, 1934)	20,000,000.00
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	17,624,076.98
Acceptances	\$82,446,994.67
Less: Own Acceptances	
Held for Investment .	51,920,346.76
Liability as Endorser on Acceptances and Foreign Bills.	30,526,647.91
Deposits	129,155.00
Outstanding Checks . . .	
	20,286,935.31
	<hr/>
	1,203,475,411.17
	<hr/>
	\$1,539,221,442.59

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REPUBLIC'S Transmission, Convey-
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of mechanical rubber products of prac-
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*Leadership in Policy, Product
and Performance.*

... ORDER ...
REPUBLIC RUBBER PRODUCTS
FROM YOUR DISTRIBUTOR

When writing please mention Nation's Business

★ THIS is one of a series
of editorials written by
leading advertising men
on the general subject of
advertising

When Reputation Is Needed

BUSINESS history is full of cases illustrating the plus values of persistent, consistent, well-planned and wisely-directed advertising. Trade names and good will have sold for ten times the cash put into the advertising that built the good will or established the trade names. Advertising agents and publishers have been quick to point out these advantages. Another advantage now is possible that may well be more valuable than all others.

Throughout the depression industrial laboratories have discovered, evolved, invented and perfected new materials, new devices, new machines and new applications, some immediately useable, some best held for more auspicious horning. We hear from the rubber companies that three types of rubber tires for railroad trains are ready for the market now. Another manufacturer tells us he has up his ample sleeve a five-room house equipped with every article of furniture, linen, rugs, kitchen utensils, and a garage, which can be sold for as low as \$2,000.

We read in the morning papers that a group of engineers have ready for manufacture and marketing an airplane that will fly backwards.

Suppose one of these or some other revolutionary product is offered the public by a manufacturer of whom the public never has heard. Suppose a similar device is offered by a manufacturer whose reputation and standing already are well established. Which of these two will get the great bulk of the business?

Established reputations are going to be more and more valuable, for industrial research never has been so active and so prolific. Advertising is the one quick way of building wide and favorable public standing.

JOHN J. McCARTHY
McCann-Erickson, Inc.

Index of ADVERTISERS

August • 1934

	PAGE
A. P. W. Paper Company.....	9
Addressograph-Multigraph Corp.....	1
Allegheny Steel Company.....	7
American District Telegraph Co.....	50
American Telephone & Telegraph Company	2nd Cov.
American Tobacco Company.....	4th Cov.
Auditorium Conditioning Corp.....	11
Bakelite Corporation.....	39
Battle Creek Sanitarium.....	70
Bluebell Importing Company.....	51
Burroughs Adding Machine Company	31
Canadian Pacific.....	65
Chesapeake & Ohio.....	8
Chevrolet Motor Company.....	35
Cincinnati Time Recorder Co.....	58
Coca-Cola Co., The.....	74
Commercial Investment Trust, Inc.	68
Detex Watchclock Corporation.....	38
Dick, A. B., Company.....	14
Ditto, Inc.	4
Equitable Life Assurance Society.....	59
Erle Railroad.....	57
General Motors Truck Company.....	37
Goodyear Tire and Rubber Company.....	6
Guaranty Trust Company.....	71
Household Finance Corporation.....	2
Iron Fireman Manufacturing Company.....	56
John Hancock Mutual Life Insurance Co.	62
Kimberly-Clark Corporation.....	42-62
La Salle Extension University.....	70
Metropolitan Life Insurance Co.....	33
Mutual Fire Insurance.....	53
National Distillers Products Corp.....	10
New York Trust Co.....	12
Northwestern Mutual Life Ins. Co.	49
Plymouth Motor Car Company.....	3
Reading Iron Company.....	73
Remington Rand, Inc.	45
Republic Rubber Company.....	72
Reynolds, R. J., Tobacco Co.	41
Schenley Products Co.....	3rd Cov.
Standard Accident Insurance Co.....	63
Standard Register Company, The.....	52
United Air Lines.....	58
Willard Hotel.....	70



Maintenance vs. First Cost

The evidence of Time, That Tough Old Tester, supports the specifications of eminent engineers in all parts of the world. You save by using Reading Genuine Puddled Wrought Iron Pipe.

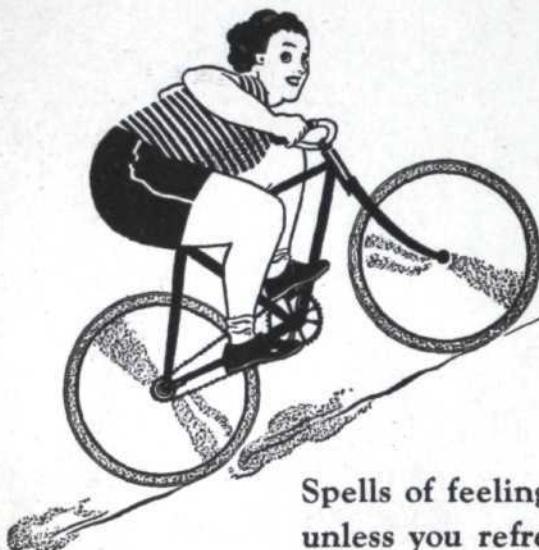
READING IRON COMPANY • PHILADELPHIA

Puddled Wrought Iron Products: Pipe • Bars • Cut Nails
Charcoal Iron Products: Boiler Tubes • Bars

*SCIENCE AND INVENTION HAVE NEVER FOUND A SATISFACTORY
SUBSTITUTE FOR GENUINE PUDDLED WROUGHT IRON*



THE DRINK THAT KEEPS YOU FEELING FIT FOR WHAT'S AHEAD



*Everything
comes in cycles*

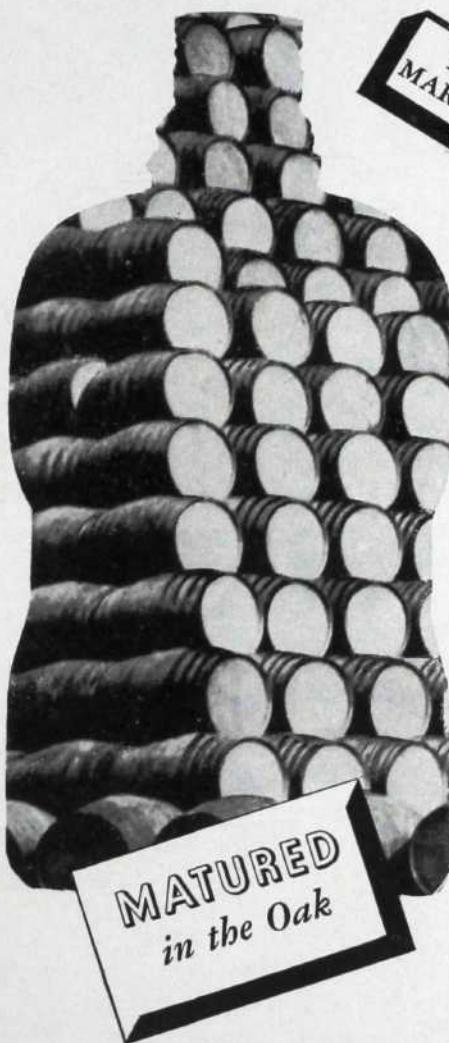
Spells of feeling that life is all uphill come in cycles... unless you refresh yourself. Spark up by a twist of the wrist with an ice-cold Coca-Cola. Then watch the wheels begin to turn. It's the pause that keeps you going... doing your daily job or exercising to keep a slim figure.

A PURE WHOLESOME DRINK
OF NATURAL FLAVORS

Coca-Cola, Atlanta, Ga.



From Golden Grains to
GOLDEN WEDDING
IT'S ALL WHISKEY



Look for the
 MARK OF MERIT



Copyright, 1934, Jos. S. Finch & Co., Inc.

Choice grain, richly ripened, is the source of its flavor. Expert knowledge of mellowing in charred oak, plus 78 years of experience, are the sources of its smoothness. Golden Wedding is a blend of only whiskey with whiskey. This

is the source of its goodness. And its flavor, smoothness and goodness are the sources of its popularity. But let Golden Wedding tell you its story in its own inimitable way—in a tall glass or a pony—a most pleasing way!

VISIT THE SCHENLEY BUILDING AT THE WORLD'S FAIR

DEMAND GOLDEN WEDDING—ACCEPT NO SUBSTITUTES

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LUCKIES ARE ALL-WAYS KIND TO YOUR THROAT

's toasted"

Only the Center Leaves—these are the Mildest Leaves



They Taste Better